

IN THE INCOME TAX APPELLATE TRIBUNAL 'B' BENCH, KOLKATA

Before Sri J. Sudhakar Reddy, Accountant Member & Sri S.S. Viswanethra Ravi, Judicial Member

I.T.A. No.1977/Kol/2016

(Assessment Year: 2012-13)

ITO, Ward-12(2), Kolkata.....Appellant

Vs.

M/s. Happy Structure Pvt. Ltd.....Respondent  
[PAN : AACCH2473H]

**Appearances by:**

Shri Robin Choudhury, Addl. CIT, Sr. DR, appearing on behalf of the appellant.  
Shri M.D. Shah, AR, appearing on behalf of the Respondent.

Date of concluding the hearing : April 11<sup>th</sup>, 2019

Date of pronouncing the order : May 22<sup>nd</sup>, 2019

**ORDER**

**Per J. Sudhakar Reddy :-**

This appeal by the revenue is directed against the order of the Id. Commissioner of Income Tax (Appeals)-4, Kolkata (hereinafter the 'Id. CIT (A)'), passed u/s 250 of the Income Tax Act, 1961 (the 'Act'), dated 18.07.2016 for Assessment Year 2012-13 on the following grounds:

"1. On the facts and in circumstances of the Id. CIT(A) erred to allow relief on this ground on the view that the assessee had received share application monies from bodies corporate who were independently assessed to tax and the payments were received through account payee cheques and investments were confirmed by the respective subscribers, without considering the failure from the part of the assessee to prove visual activity of business and creditworthiness to make investment of the subscribers.

2. The appellant craves leave to add/alter/modify the grounds of appeal."

2. The Id. Departmental Representative, Mr. Robin Choudhury, submitted that Id. CIT(A) has failed to appreciate that the assessee has not been able to prove the genuineness of the transaction, as well as the creditworthiness of the share applicants. He relied on the order of the Assessing Officer and submitted that the assessee company had allotted share to share subscribing companies i.e. M/s Aggressive Vincom Pvt. Ltd. and M/s Flabby Sales Pvt. Ltd. at a huge premium. He relied on the judgment of Hon'ble Apex Court in the case CIT vs. Durga Prasad More 82 ITR 540 and in the case of Sumati Dayal vs. CIT 214 ITR 801 and submitted that the surrounding circumstances

and human probability are to be taken into account by the revenue authorities for arriving at an appropriate decision. He pointed out that summons u/s 131 of the Act was issued to Shree Pankaj Bharech, Director of the assessee company for personal appearance and to produce the investors but none of them appeared. He relied on the decision of the Calcutta High Court in the case of *CIT, Kolkata –II vs. Trinetra Commerce & Trade (P) Ltd.*; [2016] 75 taxmann.com 70 (Calcutta) for the proposition that, just because the amounts, in question, was taxed in the hands of persons to whom the funds belongs does not prevent the Assessing Officer for bringing tax share capital u/s 68 of the Act. He submitted that no attempt has been made by the assessee to justify the huge premium levied by it. He further relied on a number of case laws mentioned in the written submissions. These case laws would be discussed as and when necessary.

3. The Id. Counsel for the assessee, on the other hand, submitted that Mr. Pankaj Bharech, Director of the assessee company had given a written reply to the summons issued to him u/s 131 of the Act and has filed all necessary details including copies of PAN card, evidence of filing return of income along with copies of the return of income, computation of total income, profit and loss account and balance sheet as on 31.03.2014, of himself, as well as that of all the share applicants/holders. He submitted that each of these share applicants have replied to the Assessing Officer confirming the investment made and also filed all necessary details, copies of which are placed in the Paper Book. He argued that the assessee had discharged the burden of proof that lay on it.

4. The Id. Counsel for the assessee further submitted that in the case of M/s Aggressive Vincom Pvt. Ltd. and as well as in the case of M/s Flabby Sales Pvt. Ltd. scrutiny assessment were completed and orders were passed by the Assessing Officer u/s 143(3) of the Act, for the assessment orders 2012-13 and the amount of investment made by these companies, in the assessee company, was added in their hands and brought to tax. He filed copies of such assessment orders and argued that the identity and creditworthiness of each of these share applicants have been proved and pointed out that these share applicants have confirmed the transactions and this proves the genuineness of the transactions. He submitted that the Assessing Officer has never

required the assessee to substantiate the premium charged and received on the share capital and in the absence of such an enquiry/verification, it cannot be argued that the share premium is excessive. He further relied on the judgment of the Hon'ble Supreme Court in the case of PCIT vs. Chain House International (P) Ltd. in SLP(C) No.1992/2019 order dated 18-02-2019 wherein the finding of the Hon'ble High Court had held that the valuation of share premium is a commercial decisions. He relied on the number of other case laws in support of these contentions, which we will discuss as and when necessary. As regards judgment of the case of Trinetra Commerce & Trade (P) Ltd. (supra) relied upon by the Ld. D/R, he distinguished the same on facts by stating that, Mr. K.P. Kedia had filed an application in the Settlement Commission reflecting undisclosed income and it was not clear as to how the funds of Mr. K.P. Kedia has gone to the beneficiary companies. On these facts the High Court had arrived at the particular conclusions. He submitted that the case of the assessee company is that the funds from the share applicants have been taxed in the hands of the share applicants themselves in orders passed by the Assessing Officer u/s 143(3) of the Act and hence the same cannot be taxed once again as the source is accepted by the Department.

5. Rival contentions heard. On a careful consideration on the facts and circumstances of the case, perusing the papers on record and orders of the authorities below as well as case laws cited, we hold as follows.

6. In this case, there are two share applicant companies, these are M/s Aggressive Vincom Pvt. Ltd. and M/s Flabby Sales Pvt. Ltd. The documents that they have furnished are as follows:

**A. Aggressive Vincom Pvt. Ltd.**

- (i) Copy of reply to the AO in response to notice u/s 133(6)
- (ii) Copy of IT Acknowledgment for the relevant A.Y 2012-13
- (iii) Copy of the Annual Financial Statements for the year ended on 31.03.2012
- (iv) Copy of the Letter of Confirmation along with Bank Statement evidencing the source of funds out of which monies were paid to the assessee
- (v) Copy of the Board Resolution consenting to invest in the assessee company along with PAN Card
- (vi) Copy of the Share Application Form Acknowledgment
- (vii) Copy of the Share Allotment Letter

- (viii) Copy of the share certificates issued by the assessee company to the share subscriber
- (ix) Copy of PAN Card

**B. Flabby Sales Pvt. Ltd**

- (i) Copy of reply to the AO in response to notice u/s 133(6)
- (ii) Copy of IT Acknowledgment for the relevant AY 2012-13
- (iii) Copy of the Annual Financial Statements for the year ended 31.03.2012
- (iv) Copy of the Letter of Confirmation along with Bank Statement evidencing the source of funds out of which monies were paid to the assessee
- (v) Copy of the Board Resolution consenting to invest in the assessee company along with PAN Card
- (vi) Copy of the Share Application Form Acknowledgment
- (vii) Copy of the Share Allotment Letter
- (viii) Copy of the share certificates issued by the assessee company to the share subscriber
- ix) Copy of PAN Card

7. The assessee also furnished copy of the assessment orders passed u/s 143(3) of the Act on 26.03.2015 in the case of Aggressive Vincom Pvt. Ltd. by ITO, Wd-1(1), Kolkata bringing to tax the share capital and share premium allotted during the year. Similarly, in the case of Flabby Sales Pvt. Ltd., the assessment order passed u/s 143(3) dated 10.03.2015 by ITO, Ward-2(2), Kolkata has been filed wherein the entire share application money received by the assessee including share premium was brought to tax u/s 68 of the Act. The question is whether under such circumstances, i.e. when the share applicant companies have been taxed on the source of funds in their accounts then an addition can be made u/s 68 of the Act.

8. This Bench of the Tribunal under similar circumstances, in the case of *DCIT vs. M/s. Maa Amba Towers Ltd.*; ITA No.1381/Kol/2015; Assessment Year 2012-13, order dt. 12<sup>th</sup> October, 2018, had held as follows:-

*“3. Mr. Choudhury vehemently contends during the course of hearing that the Assessing Officer had rightly made the impugned addition since the taxpayer had failed to prove identity, genuineness and creditworthiness of the share premium money. He terms the impugned share subscription premium ₹690/- per share having face value of ₹10/- each as highly exorbitant. Case laws [Sumati Dayal vs. CIT](#)(1995) 214 ITR 801 (SC) and [CIT vs. Durga Prasad More](#) (1971) 82 ITR 540 (SC) is further quoted during the course of hearing that the relevant evidence submitted during the course of assessment has to be considered as per the human probabilities by removing all blinkers. Our attention is thereafter invited to the*

*relevant nuances of such share subscription routing involving multiple layers to plough back unaccounted monies back to the books. We find no merit in the Revenue's instant grievance in the light of relevant facts on record. There is no dispute about the assessee's having declared its share subscription premium from M/s Agrani Credit & Finvest Pvt. Ltd., Crown Mansion Pvt. Ltd., Liberal Infrastructure Pvt. Ltd., Darshan Enclave Pvt. Ltd., Snow Fall Impex Pvt. Ltd. involving corresponding sums of ₹27,60,000/-, ₹55,20,000/-, ₹82,80,000/- in case of third and fourth and ₹48,30,000/- in last entity's case; respectively totalling to ₹3,01,00,000/-. Case file suggests that the assessee has placed on record their income tax acknowledgement of the impugned assessment year 2012- 13, directors' report along with audited financial statements, explanation regarding source of investments, bank statements, share application forms and board's resolution(s) followed by their respective regular assessment orders pertaining to very assessment year u/s. 143(3) of the Act. Their Assessing Officer(s) made u/s 68 unexplained cash credits additions of share premium amounting to ₹67,03,00,000, ₹44,85,00,000/-, ₹24,42,00,000/- & ₹21,70,00,000/- in case of first four entities and accepted similar credits of ₹20,45,00,000/- to be genuine satisfying all parameters of identity, genuineness and creditworthiness. It can therefore be safely assumed that all these additions sums forming subject-matter of the impugned additions to be accepted as genuine in respective investors entities' end as the source of the amount(s) in issue totalling to ₹3,01,00,000/-. Learned Departmental Representative fails to dispute that the same very amount cannot be added twice in payees and recipients' hands u/s 68 of the Act. We therefore see no reason to accept Revenue's instant former substantive ground. We affirm CIT(A)'s findings under challenge qua the instant former issue.”*

9. This Bench of the Tribunal under similar circumstances, in the case of M/s C.P. Re-Rollers Ltd. vs. DCIT.; ITA No.1811/Kol/2017; Assessment Year 2013-14, order dt. 03.04.2019, had held as follows:-

*“46. We find that the Hon'ble Supreme Court in the case of M/s Earth Metal Electricals P Ltd vs CIT & Anr. reported in 2010 (7) TMI 1137 in Civil Appeal No. 21073 / 2009 dated 30.7.2010 arising from the order of Hon'ble Bombay High Court had held as under:-*

*ORDER*

*Delay condoned.*

*Leave granted.*

*Heard learned counsel on both sides.*

*We have examined the position. We find that the shareholders are genuine parties.*

*They are not bogus and fictitious. Therefore, the impugned order is set aside.*

*The appeal is allowed accordingly. No order as to costs.*

*47. In the instant case before us, we also note that the share subscribing companies are duly assessed to income tax. The Ld AR had placed on record the copies of the assessment orders framed in the cases of the share subscribing companies, as noted above. It therefore cannot be disputed that the share subscribing companies are not in existence. From the assessment orders, it is noted that the share subscribing companies are duly assessed to income tax and their income tax particulars together*

*with the copies of respective income tax returns with their balance sheets are already on record. We also find that the Ld. CIT(A) had categorically stated that the scrutiny assessments were framed on the share subscribing companies for the Asst Year 2010-11 which shows their existence is genuine and transactions carried out by them were the subject matter of examination by the income tax department in scrutiny proceedings. This fact has not been controverted by the Revenue before us.*

*48. We may gainfully refer to the judgment in the case of Pr. CIT Vs Paradise Inland Shipping (P) Ltd (84 taxmann.com 58) wherein the Bombay High Court had deleted similar addition on similar set of facts made on account of unexplained cash credits and the SLP filed by the Revenue against the judgment has been dismissed by the Hon'ble Supreme Court. The relevant extracts of the judgment is as follows:*

*"5. We have given our thoughtful considerations to the rival contentions of the learned Counsel and we have also gone through the records. The basic contention of the learned Counsel appearing for the Appellants revolves upon the stand taken by the Appellants whether the shareholders who have invested in the shares of the Respondents are fictitious or not. In this connection, the Respondents in support of their stand about the genuineness of the transaction entered into with such Companies has produced voluminous documents which, inter alia, have been noted at Para 3 of the Judgment of the CIT Appeals which reads thus :*

*"The assessment is completed without rebutting the 550 page documents which are unflinching records of the companies. The list of documents submitted on 09.03.2015 are as follows :*

*1. Sony Financial Services Ltd. - CIN U74899DL1995PLC068362-  
Date of Registration 09/05/1995*

*6. On going through the documents which have been produced which are basically from the public offices, which maintain the records of the Companies. The documents also include assessment Orders for last three preceding years of such Companies.*

*7. The Appellants have failed to explain as to how such Companies have been assessed though according to them such Companies are not existing and are fictitious companies. Besides the documents also included the registration of the Company which discloses the registered address of such Companies. There is no material on record produced by the Appellants which could rebut the documents produced by the Respondents herein. In such circumstances, the finding of fact arrived at by the authorities below which are based on documentary evidence on record cannot be said to be perverse. Learned Counsel appearing for the Appellants was unable to point out that any of such findings arrived at by the authorities below were on the basis of misleading of evidence or failure to examine any material documents whilst coming to such conclusions. Under the guise of the substantial question of law, this Court in an Appeal under Section 260A of the Income Tax Act cannot reappraise the evidence to come to any contrary evidence. Considering that the authorities have rendered the findings of facts based on documents which have not been disputed, we find that there are no substantial question of law which arises in the present Appeal for consideration.*

*49. We also find that the Hon'ble Apex Court recently in the case of Principal CIT vs Vaishnodevi Refoils & Solvex reported in (2018) 96 taxmann.com 469 (SC) wherein*

*the SLP of the Revenue has been dismissed by the Hon'ble Apex Court. The brief facts of that case were that the addition u/s 68 of the Act was made by the Assessing Officer in respect of capital contributed by the partner of the firm. The Hon'ble Gujarat High Court noted that when the concerned partner had confirmed before the Assessing Officer about his fact of making capital contribution in the firm and that the said investment is also reflected in his individual books of accounts, then no addition could be made u/s 68 of the Act. The decision of Hon'ble Gujarat High Court is reported in (2018) 89 taxmann.com 80 (Guj HC) . The SLP of the revenue against this judgment was dismissed by the Hon'ble Supreme Court.*

*50. We may gainfully refer to the following decisions of the Hon'ble High Court in the cases as under:*

*(a) In the case of Pr. CIT Vs Chain House International (P) Ltd [2018] (98 taxmann.com 47) the AO had added the share application by way of unexplained cash credits was that the assessee was unable to give any justifiable reason for issuing shares at a premium. The Hon'ble Madhya Pradesh High Court did not agree with this reasoning given by the AO for making addition u/s 68, holding as under:*

*“Issuing the share at a premium was a commercial decision. It is the prerogative of the Board of Directors of a company to decide the premium amount and it is the wisdom of shareholder whether they want to subscribe the shares at such a premium or not. This was a mutual decision between both the companies. In day to day market, unless and until, the rates is fixed by any Govt. Authority or unless there is any restriction on the amount of share premium under any law, the price of the shares is decided on the mutual understanding of the parties concerned. [Para 52]*

*Once the genuineness, creditworthiness and identity of investors are established, the revenue should not justifiably claim to put itself in the armchair of a businessman or in the position of the Board of Directors and assume the role of ascertaining how much is a reasonable premium having regard to the circumstances of the case. [Para 53]*

*There is no dispute about the receipt of funds through banking channel nor there is any dispute about the identity, creditworthiness and genuineness of the investors and, therefore, the same has been established beyond any doubt and there should not have been any question or dispute about premium paid by the investors; therefore, unless there is a limitation put by the law on the amount of premium, the transaction should not be questioned merely because the assessing authority thinks that the investor could have managed by paying a lesser amount as Share Premium as a prudent businessman. The test of prudence by substituting its own view in place of the businessman's has not been approved by the Supreme Court. [Para 54]”*

*(b) In the case of CIT v. Gagandeep Infrastructure (P.) Ltd. [2017] 80 taxmann.com 272/247 Taxman 245/394 ITR 680 the Revenue contended that the fact that the shares were issued at high premium raised suspicion on the genuineness of the transactions. While dismissing this plea raised by the Revenue, the Hon'ble Bombay High Court held as under:*

*(e) We find that the proviso to section 68 of the Act has been introduced by the Finance Act 2012 with effect from 1st April, 2013. Thus it would be effective only from the Assessment Year 2013-14 onwards and not for the subject Assessment Year. In*

*fact, before the Tribunal, it was not even the case of the Revenue that Section 68 of the Act as in force during the subject years has to be read/understood as though the proviso added subsequently effective only from 1st April, 2013 was its normal meaning. The Parliament did not introduce to proviso to Section 68 of the Act with retrospective effect nor does the proviso so introduced states that it was introduced "for removal of doubts" or that it is "declaratory". Therefore it is not open to give it retrospective effect, by proceeding on the basis that the addition of the proviso to Section 68 of the Act is immaterial and does not change the interpretation of Section 68 of the Act both before and after the adding of the proviso. In any view of the matter the three essential tests while confirming the pre-proviso Section 68 of the Act laid down by the Courts namely the genuineness of the transaction, identity and the capacity of the investor have all been examined by the impugned order of the Tribunal and on facts it was found satisfied. Further it was a submission on behalf of the Revenue that such large amount of share premium gives rise to suspicion on the genuineness (identity) of the shareholders i.e. they are bogus. The Apex Court in Lovely Exports (P.) Ltd.(supra) in the context to the pre-amended Section 68 of the Act has held that where the Revenue urges that the amount of share application money has been received from bogus shareholders then it is for the Income Tax Officer to proceed by reopening the assessment of such shareholders and assessing them to tax in accordance with law. It does not entitle the Revenue to add the same to the assessee's income as unexplained cash credit.*

*(f) In the above circumstances and particularly in view of the concurrent finding of fact arrived at by the CIT(A) and the Tribunal, the proposed question of law does not give rise to any substantial question of law. Thus not entertained.*

*(c) In CIT Vs Anshika Consultants Pvt Ltd (62 taxmann.com 192), the AO had added the share application monies treating it to be their unaccounted monies routed through accommodation entries since the shares were issued at a high premium. The Hon'ble Delhi High Court did not agree with this contention put forth by the Revenue, by observing as under:*

*“Whether the assessee-company charged a higher premium or not, should not have been the subject matter of the enquiry in the first instance. Instead, the issue was whether the amount invested by the share applicants were from legitimate sources. The objective of section 68 is to avoid inclusion of amount which are suspect. Therefore, the emphasis on genuineness of all the three aspects, identity, creditworthiness and the transaction. What is disquieting in the present case is when the assessment was completed, the investigation report which was specifically called from the concerned department was available but not discussed by the Assessing Officer. Had he cared to do so, the identity of the investors, the genuineness of the transaction and the creditworthiness of the share applicants would have been apparent. Even otherwise, the share applicants' particulars were available with the Assessing Officer in the form of balance sheets income-tax returns, PAN details etc. While arriving at the conclusion that he did, the Assessing Officer did not consider it worthwhile to make any further enquiry but based his order on the high nature of the premium and certain features which appeared to be suspect, to determine that the amount had been routed from the assessee's account to the share applicants' account. As held concurrently by the Commissioner (Appeals) and the Tribunal, these conclusions were clearly baseless and false. This Court is constrained to observe that the Assessing Officer utterly failed*



*to comply with his duty considers all the materials on record, ignoring specifically the most crucial documents.”*

*51. We also rely on the following judgments of the Coordinate Bench of ITAT Kolkata, where based on same facts, and identical and common grounds and coordinate Bench deleted the addition:*

*(1) M/s Jagannath Banwarilal Texofabs Pvt Ltd, in ITA No. 1762/Kol/2016, For A.Y. 2012- 13, order dated 26.10.2018.*

*(2) M/s Wiz-Tech Solutions Pvt Ltd, in ITA No.1162/kol/2015,for A.Y. 2012-13, order dated 14.06.2018.*

*52. To conclude, Section 68 of the Act provides that if any sum found credited in the year in respect of which the assessee fails to explain the nature and source shall be assessed as its undisclosed income. In the facts of the present case, both the nature & source of the share application received was fully explained by the assessee. We note that the share application money and share premium money which were received by the assessee company from the two share applicant companies viz: M/s. Prism Vintrade Private Limited, and M/s. Gannet-Vintrade Private Limited, during the period December, 2012 to March, 2013 had already been suffered disallowance under section 68 of the Act. As these two share applicant companies invested the same money in the assessee company, therefore, no further disallowance is warranted in the hands of the assessee company. Once taxed income cannot be taxed again.*

*In the case of third company, M/s Haven Vincom Pvt. Ltd, the assessment, pertaining to the AY. 2010-11 was not revised by the Department. That is, M/s Haven Vincom Pvt. Ltd has raised share capital and share premium which has not been treated by the Department as cash credit under section 68 of the Act and has not been disallowed by the assessing officer in the assessment of M/s Haven Vincom Pvt. Ltd ( vide assessment order-paper book pg.173) . We note that M/s Haven Vincom Pvt. Ltd has utilized the same money ( which it received by raising share capital/premium and not disallowed by AO, u/s 68) to purchase the share capital and share premium in the assessee company (M/s C.P. RE Rollers Ltd) therefore it should not be disallowed under section 68 of the Act, in the hands of the assessee company, as the Department itself accepted genuine money in the hands of M/s Haven Vincom Pvt. Ltd. Hence, in the case of M/s Haven Vincom Pvt. Ltd, the identity, creditworthiness and genuineness have been proved beyond doubt. In case of Sushma Chawala for share application of Rs.4,22,500/- and share premium of Rs. Rs.4,22,500/-, the ld Counsel explained the identity, creditworthiness and genuineness therefore no disallowance can be made. Besides, the assessee had discharged its onus to prove the identity, creditworthiness and genuineness of the these three share applicants by submitting the following documents and evidences:*

- 1) Return of ROC, that is, form No. 2 submitted before R.O.C.*
- 2) PAN Number copies of each share subscriber.*
- 3) Copy of Balance Sheet, Profit and loss account of all share applicant companies.*
- 4) Details of investments sold by all share applicant companies.*
- 5).Transaction with the assessee was duly highlighted in the bank statement*
- 6). Explanation along with evidence of source of source of the funds of the share applicant Companies.*

- 7). *Audited Accounts of the share holders.*
- 8) *Relevant address proofs / Form filed by the share applicants with ROC.*
- 9). *Income Tax Return of share applicant companies.*
- 10) *Copy of the Bank Statement of Share applicant companies where from the amount was debited.*
- 11) *Copies of Bank statement of the assessee company where the share application money and premium were credited.*
- 12). *Cheque Number, the amounts subscribed by shareholders along with the name of bank its branch address and the number of shares allotted to them with face value on the date of allotment.*
- 13) *Common Director of the share applicant companies ( who is director in assessee company as well as share applicant companies) appeared before the assessing officer in response to notice u/s 131 of the Income Tax Act and submitted documents and evidences before the AO.*

*Thus, all above documents that is, the PAN details, bank account statements, audited financial statements, balance sheet, profit and loss account, Income Tax acknowledgments, and ROC statements etc were placed on AO's record. One of the directors of share applicant companies appeared before the AO in response to summon u/s131 of the Act and explained the genuineness of three share applicants. Therefore, considering this factual position and precedents relied on the subject, as noted above, we delete the addition made by the assessing officer U/s 68 of the Act to the tune of Rs.17,49,95,000/-*

*53. In the result, the appeal of the assessee is allowed.”*

10. Applying the proposition of law laid down in the above referred cases to the facts of this case and keeping in view the fact for the share applicant company have been assessed to tax u/s 143(3) of the Act and the source of money in question was brought to tax in their hands, we uphold the order of the ld. CIT(A) that no additions can be made in the case of the assessee company.

11. Coming to the argument arise to the Ld. D/R that the share premium received was excessive, we find that no query has been done by the Assessing Officer in this regard. As regards the decision of Trenetra Commerce & Trade(P) Ltd. (supra), we find that the facts are totally different. In that case, out of 40 shareholders, 38 of them could not be found and two of them stated that they had no connection with the company and that they never applied for any shares and they were drivers by profession and they had not given any money. It was a case where identity and creditworthiness was not proved. The transactions were proved to be not genuine. In the case on hand both the companies have proved their identity and have confirmed

the transactions and have disclosed the sources and the revenue has assessed the same in their hands. Further in the case of Trenetra Commerce & Trade(P) Ltd. (supra), Mr. K.P. Kedia has stated that he had filed the return of income reflecting undisclosed income of 7.10 crores on compulsion. This is not the fact in the case on hand. Thus, the facts of the present case are different from the facts on the case of Trenetra Commerce & Trade(P) Ltd. On the other hand, the decisions relied upon by the Id. Counsel for the assessee are applicable to the case on hand, as both the shareholder companies have been assessed tax u/s 143(3) of the Act and in this scrutiny assessment the source of fund had been brought to tax. Thus, we uphold the order of the Id. CIT(A) and dismiss the appeal of the revenue.

***Kolkata, the 22<sup>nd</sup> May, 2019.***

Sd/-

**[S.S.Viswanethra Ravi]**  
Judicial Member

Sd/-

**[J. Sudhakar Reddy]**  
Accountant Member

Dated :22.05.2019  
(RS, Sr. PS)

Copy of the order forwarded to:

1. ITO, Ward-12(2), Kolkata.
2. . M/s. Happy Structure Pvt. Ltd., 96A, Raja Basant Roy Road, Kolkata – 700029.
3. CIT(A)-
4. CIT- ,
5. CIT(DR), Kolkata Benches, Kolkata.

True copy

By order

Assistant Registrar  
ITAT, Kolkata Benches