

Dcit Vs. Indag Rubber Limited

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Court : Income Tax Appellate Tribunal ITAT Delhi

Decided On : Nov-25-2005

Reported in : (2006)98ITD218(Delhi)

Judge : S Tiwari, A Jain

Appellant : Dcit

Respondent : indag Rubber Limited

Judgement :

1. This appeal has been filed by the revenue on 7.12.2001 against the order of the Id. CIT (Appeals)-XXI, New Delhi dated 29.6.2001 in the case of the assessee in relation to assessment order under Section 143(3) for assessment year 1998-99.
2. The main issue raised by the revenue in this case is directed against deletion of the disallowance of Rs. 1,70,74,0007- claimed by the assessee as liability payable to M/s. Rajasthan State Road Transport Corporation. Facts of the case leading to this ground of appeal briefly are that the assessee company entered on 24.7.1991 into an agreement with Rajasthan State Road Transport Corporation, hereinafter called RSRTC, for supply of four coal processed retreading plant, and retreading material. The assessee made supplies from June, 1991. RSRTC raised tyre failure claim as well as warranty claim in January, 1994 to the tune of Rs. 120 lacs relating to the period June, 1991 to May, 1993. Clause X of the Agreement provided for arbitration.

The arbitration award was made on 4.4.1997. The award was referred to the District Court of Jaipur who upheld the award in the month of December, 1999. The assessee company moved a petition against the District Court order before the Rajasthan High Court which was pending at the time of completion of assessment order under Section 143(3) on 18.12.2000.

3. During the course of assessment proceedings, the assessee argued that the liability claimed by the RSRTC was contingent and it accrued for the first time when the arbitration award was made on 4.4.1997. The assessee had, therefore, rightly claimed the deduction of a sum of Rs. 1.7 crores for assessment year 1998-99. Prior to arbitration award, it was a unilateral claim of RSRTC not accepted by the assessee. In support of these contentions, the assessee relied on the judgements reported in 202 ITR 821 (Cal.); 152 ITR 425 (M.P.) and 111 ITR 489 (Cal). The Id. Assessing Officer held that the case law relied upon by the assessee supported the view to the extent that liability did not accrue during the period June, 1991 to May, 1993 or in January, 1994 because RSRTC claim was unilateral and not accepted by the assessee.

There was no quarrel with that proposition. The point at issue was whether the liability could be said to have accrued in financial year 1997-98 even though the arbitrator award was not accepted by the assessee and the appeal was filed before District Court of Jaipur.

There was a difference between statutory liability and contractual liability. In the case of contractual liability, it accrued only when admitted by the debtor or when the dispute was finally adjudicated upon. In support of these contentions, the Id. Assessing Officer relied upon the judgements reported in 162 ITR 622 (Bom.); 124 ITR 74 (All.) and 200 ITR 605 (Cal). Based on that reasoning, the Id. Assessing Officer disallowed the assessee's claim of deduction of Rs. 1,70,74,000/- and added to the income shown by the assessee.

4. During the course of appeal before the Id. CIT (A), the assessee submitted that under the Arbitration Act, 1940, there were two kinds of arbitration viz. (a) arbitration without intervention of court and (b) arbitration with intervention of court. The arbitration in the case of the assessee was of former kind without the

intervention of court. The same had been rendered in pursuance of clause X of the Agreement dated 24.7.1991. The arbitrator gave award on 4.4.1997 and, therefore, the liability accrued in financial year 1997-98. The assessee relied upon the judgement of Hon'ble Kerala High Court in the case of Asuma Cashew Company v. CIT 182 ITR 175 (Ker.). According to the assessee, the judgement brought out the fact that enforceable liability came into existence only when it was fixed by the arbitrator. The assessee also referred to another judgement of Hon'ble Kerala High Court in the case of CIT v. Grand Cashew Limited 182 ITR 216 (Ker.) and referred to the observations of the court at page 220, "The moment the amount is adjudicated or admitted it becomes a debt." Further, in the case of CIT v. Bharat Fire Bricks and Pottery Works Pvt. Ltd. 202 ITR 821 (Cal.), it was held, "It appears to us that only the award was delivered by the arbitrator, liability of the assessee company was nothing but contingent." Finally, the assessee relied upon the judgment of Hon'ble Supreme Court in the case of Central India Electric Supply Company Limited v. CIT 247 ITR 54 (SC). According to the assessee, in that judgement, Hon'ble Supreme Court had held that where the arbitration was not with the intervention of the court it might be contended that passing of the award itself made the amount due. Hence, as in the case of the assessee, the arbitrator was appointed on the terms of agreement without intervention of the court, the liability arose on the date of passing of the award by the arbitrator.

5. The assessee argued before the Id. CIT (A) that another facet of the case was the relevance and applicability of use of "hindsight". Under this concept, relevant circumstances falling beyond the previous year but having taken place up to the date of the assessment order should be taken into account by the Assessing Officer while passing the assessment order. As per the judgement of the Hon'ble M.P. High Court reported in 134 ITR 450 (MP), certain amount of hindsight was not only logical but also permissible.

In the case of the assessee, the arbitrator award dated 4.4.1997 was made the rule of the court by District Judge, Jaipur on 22.11.1999, which was before the date of assessment order. The assessee also relied upon CBDT Circular No. 9949 dated 25.1.1966 that in the balance sheet, provision should be made for all known liabilities and losses even though the amount could not be determined with

certainty.

6. The Id. CIT (A) held the view that even though the assessee himself did not accept the arbitration and moved a petition to the High Court, nevertheless the arbitrator's award had been made the rule of court.

Thus, the disputed liability came to a point where arbitration finally settled and determined the quantum of the liability. That being the case, it could be accepted that an enforceable liability had come into existence. As the quantum of liability had been determined by the adjudication, it had become a debt, which was ascertainable and quantified. There was also CBDT circular and "hindsight". The judgement of Supreme Court in the case of Central India Electric Supply Company also supported the view. The Id. CIT (A), therefore, held that date on which the arbitrator gave the award was the focal point and the observation of the Supreme Court was that it was possible to contend that the passing of the award made the amount awarded due. On that basis, the Id. CIT (A) held the view that the sum of Rs. 1,70,74,000/- awarded by the arbitrator was an allowable deduction for assessment year 1998-99. Aggrieved, the revenue is in appeal before us.

7. During the course of hearing before us, the Id. Departmental Representative argued that there was a vital difference between an award finally adjudicating upon the claims of parties and an award not accepted by the debtor. In the instant case, the assessee had not accepted the award and challenged it before the District Court, Jaipur and even after having lost before the District Judge, Jaipur, the assessee had carried out further petition before the Rajasthan High Court. Till such time, the matter was finally adjudicated upon, the liability continued to be contingent. The Id. DR argued that it was important to bear in mind that the assessee was not merely disputing the quantum of liability fixed by the arbitrator, the assessee was disputing the liability altogether. Hence, till such time, the matter reached finality, no deduction could be allowed to the assessee. In support of these arguments, the Id. DR relied upon the decisions reported in 74 ITD 57 (Bom.); 79 ITD 63 (Pune) and 86 ITD 214 (Del).

The Id. DR also relied upon the judgment of Hon'ble Allahabad High Court reported in 119 ITR 709 (All.).

8. The Id. Departmental Representative argued that the Id. CIT (A) had gone by her personal views and not by any settled legal principles.

According to her, it would be reasonable and fair to say that the liability quantified and awarded by the arbitrator should be considered to have become due on 4.4.1997. She had not gone by any settled legal principle. In support of his contentions, the Id. DR referred to the judgements reported in 202 ITR 821 (Cal.) and 247 ITR 54. The Id. DR argued that in view of the judgement of Hon'ble Delhi High Court reported in 143 ITR 551 (Del), the liability did not accrue till the award was made the rule of the court.

9. Shri G.N. Gupta, Id. counsel for the assessee argued that the matter was no longer in the hands of the assessee once it was referred to an arbitrator. The award given by the arbitrator fastened a liability on the assessee, which he was legally bound to discharge. It was also settled legal position that if the award of the arbitrator was confirmed by a competent court on a later date, the assessee was entitled to claim deduction of liability in the year of award itself relying upon the rule of hindsight. For this purpose, the Id. counsel relied upon the judgements reported in 122 ITR 817 (All.) and 134 ITR 30 (MP). In the instant case, order of District Judge had been placed before the Assessing Officer before completion of the assessment order and, therefore, the fact that the arbitrator's award was subsequently confirmed by the court was available to the Assessing Officer. The Id.counsel argued that the judgement of Hon'ble Kerala High Court reported in 182 ITR 175 (Ker.) also laid down that the material date was date of arbitrator's award.

10. The Id. counsel strongly emphasized the various contentions of the assessee during the course of appeal before the Id. CIT (A) and reiterated the same before us. The same have already been enumerated by us in the context of the impugned order passed by the Id. CIT (A). The Id. counsel also argued that the case law being relied upon by the Id.DR was distinguishable on facts. The judgement of Hon'ble Allahabad High Court in 119 ITR 709 (All.) related to a case where the matter was referred to arbitration after the intervention of the court. In the case of the assessee, the matter was referred to arbitration by virtue of Agreement itself.

11. We have carefully considered the rival submissions. There is no dispute as to the facts of the case. The dispute before us relate to whether any liability had accrued against the assessee and if so the year of accrual. The case of the assessee is that the arbitration award had fastened a certain liability on the assessee. The assessee also claims to derive support from the fact that in a subsequent year, the arbitration award was upheld by the District Judge. According to the assessee that subsequent event should be treated as strengthening the assessee's claim of deduction on the basis of the arbitrator's award given during the financial year under consideration. The case of the Department is that till the date the assessment order was made by the Assessing Officer, the assessee had not admitted the liability and the assessee's petition against the order of District Judge before Hon'ble High Court was pending.

12. We would begin with the case law relied upon by the Id. counsel for the assessee. The assessee has heavily relied upon the judgements of Hon'ble Kerala High Court in the cases of Asurna Cashew Company 182 ITR 175 (Ker.) and Grand Cashew Corporation 182 ITR 216 (Ker.). The issue in those two cases was whether the assessee is entitled to claim deduction of expenditure in the year in which arbitrator's award was given even though the liability pertained to an earlier year. The Hon'ble Kerala High Court found that it was not a case where the quantum of damages alone was referred to the arbitrator, but it was a case where the very question as to whether the assessee was liable to pay damages was referred to arbitration. Therefore, the liability of the assessee to pay damages accrued only on the passing of the award by the arbitrator and not on the date of the breach of the contract. In the case of Grand Cashew Corporation (supra), the Hon'ble Kerala High Court held that an enforceable liability would spring into existence only when it was determined either by private negotiations or determined by arbitrators under awards passed by them or by a court. As in that case, no decree had been passed by the court, Hon'ble Kerala Court further held that the award, even if it was not made decree of the court had its existence in law. We find that in both those cases, the question that is before us did not arise for the consideration of the Hon'ble High Court i.e. whether an assessee can claim deduction on the basis of an arbitrator's award in the year in which award is given in spite of the fact that the assessee has not accepted the arbitration award and

the matter is sub-judice. In fact, in the case of Grand Cashew Corporation (supra), the Hon'ble High Court was seized of the question as to whether the liability accrued or arose by the passing of an award even though a decree had not been passed. The Hon'ble High Court did not consider the question as to whether an assessee can claim the deduction and even if he disputes the award before a Higher Court.

Another judgement relied upon by the Id. counsel for the assessee 111 ITR 489 (Cal.) also relates to the question whether the liability arose in the year of award or in the earlier year when the transactions took place. The question of accrual or otherwise of an award under challenge in a higher court was not considered by Hon'ble Calcutta High Court in that case.

13. In the case of CIT v. Bharat Fire Bricks and Pottery Works (Pvt.) Limited 202 ITR 821 (Cal.), the Hon'ble Calcutta High Court held that since the dispute had been referred to arbitration in accordance with the terms of the contract, until the award was delivered by the arbitrator, the liability of the assessee company was only a contingent liability. Obviously that judgement also relates to prior period. The question of the award having been disputed in the higher court and the matter being sub-judice, has not been considered in that judgement.

14. There is considerable assistance to the case of the assessee from the judgement of Hon'ble Supreme Court in the case of Central India Electric Supply Company v. CIT 247 ITR 55 (SC). In that case, the Department sought to assess the amount awarded to the assessee by Umpire who gave his award on October 7, 1968 whereupon the decree was passed by the District Judge on 16th September, 1969 in terms of that award, in the assessment year 1970-71. The assessee sought to defend the assessment in his hands for assessment year 1970-71 on the ground that the award passed by the District Judge was the subject matter of further litigation in appeal before the High Court. Hon'ble Supreme Court observed at page 62 : The fact that the judgment and the decree of the civil court passed on the award was pending consideration in appeal before the High Court is also not a good ground to contend that the price was not due till the litigation with regard to the award was over. We have no doubt that in law the

money payable under a decree becomes due for payment on the date of passing of the decree and none the less it is so even if the decree is appealed against and there is likelihood of the decree being set aside, modified or confirmed in appeal.

15. The Id. DR has relied heavily on the decision of the Hon'ble Allahabad High Court and Delhi High Court in the cases of A.P.S. Cold Storages and Ice Factory v. CIT 119 ITR 709 (All.) and Fazilka Electric Supply Company Limited v. CIT 143 ITR 551 (Del.). Relying on these two judgements, the Id. DR argued that an award of an arbitrator has no force or validity until it is made the rule of the court. The Id. DR pointed out that in the instant case, the arbitration award became the rule of the court on 22.11.1999 and, therefore, in any case, the assessee's claim of deduction in the assessment year 1998-99 was not tenable. The Id. DR also argued that until the dispute reached a finality, a liability based on contractual obligation could not be said to have been crystallized. For that purpose, he has relied on the Tribunal decision reported in 74 ITD 57 (Bom.); 79 ITD 63 (Pune) and 86 ITD 214 (Del). He has also relied upon the judgements referred to by the Id. Assessing Officer reported in 124 ITR 74 (All.) and 162 ITR 622 (Bora.).

16. On consideration of the matter, we find that the fact that the assessee had filed a petition before Hon'ble High Court and the same was pending as on the date of the assessment order has to be ignored.

There is clear authority of Hon'ble Supreme Court in the case of Central India Electric Supply Company (supra) and we have quoted the relevant passage in the earlier part of this order. The major question still remains as to whether the liability accrued against the assessee on the date of arbitrator's award or on the date when the arbitrator's award was made the rule of the court. The Id. counsel for the assessee has sought to defend his case in this behalf on twin grounds. First, according to the Id. counsel, a distinction is required to be drawn between the appointment of an arbitrator by virtue of the terms of a contract and the appointment of an arbitrator by intervention of the court. According to the Id. counsel, in the former case, the liability accrues the moment arbitrator's award is given whereas the date of decree was the crucial date in the later category of cases i.e. where matter is referred to arbitration by intervention of the court.

Secondly, the Id. counsel for the assessee has propagated the theory of hindsight.

17. In support of the contention that in a case where an arbitrator is appointed in terms of the contract and not by the intervention of the court, the date on which arbitration award is given the amount awarded becomes the debt due, the Id. counsel has relied upon a couple of courts' pronouncements. The first case is of Allahabad High Court in the case of Raza Buland Sugar Company Limited v. CIT 122 ITR 817 (All.). In that case, the assessee retained a sum of Rs. 2,04,273/- from out of the purchase price of sugarcane payable by it under sugarcane control orders. The amount was retained by way of provision for the low recovery of sugar. The assessee retained the amount @ Rs. 2 annas per maund. Subsequently, it transpired that the assessee was entitled to retain by way of rebate a sum @ anna 1 per maund only. The balance was actually paid. On these facts, Hon'ble High Court held that the assessee was entitled to claim deduction of the quantified amount alone since the liability was quantified during the pendency of the assessment proceedings. On consideration, we find that this judgement is not of much help to the assessee because it relates to the quantum of deduction and not the year of deduction. Secondly, the controversy of an award not having been made the rule of the court is not present in that case.

18. The second decision relied upon by the Id. counsel for the assessee is Trikam Lal v. CIT 134 ITR 450 (M.P.). In that case, the assessee was short supplied bales of cloth during the period 1.6.1944 to 31.8.1944.

Subsequently, by a compromise the assessee received from the supplier a sum of Rs. 24,000/- on 10.9.1962, in full and final settlement of the decretal amount. The assessee claimed that receipt pertained to the period 1944 to 1947 when there was no Income-tax in force in Ujjain.

Hon'ble M.P. High Court held that in the case of claims for unliquidated damages, the right to receive the amount accrued on the date, decree was passed in favour of the assessee. Therefore, the sum of Rs. 24,000/- was assessable in the assessment year 1962-63. Here again, we find hardly any assistance to the case of the assessee. The facts of the case are in altogether different zone and the issues before the Hon'ble High Court were also quite different.

19. The third case relied upon by the Id. counsel is again Asurna Cashew Company (supra), hi that case, Hon'ble Kerala High Court held that the liability to pay unliquidated damages would arise or be crystallized private negotiation or by an arbitrator or by a court. We do not see much assistance to the case of the assessee from these observations. The question before us is, what is the material year, the year in which the award is given or the year in which the award is made the rule of the court.

20. During the course of hearing before us, the Id. counsel for the assessee placed considerable reliance on the following observations in the judgement of Hon'ble Supreme Court in the case of Central India Electric Supply Company v. CIT 247 ITR 54 (SC) at page 62 : In this case, as has been explained by detailed narration of facts of the arbitration case in the civil court and the first appeal in this court, the arbitration through an umpire took place through the intervention of the court. An application under Section 8 of the Arbitration Act was made to the civil court for appointment of an umpire because the arbitrators nominated by the parties had failed to agree on the name of an umpire. The civil court allowed that application and appointed Shri B.P. Sinha, former Chief Justice of India as the umpire in the case. The dispute was referred to him by the court and the umpire after making the award submitted the same in the court for passing a decree in terms thereof. After the award was filed in the court., it was made rule of the court, after deciding the objection under Section 30 of the Arbitration Act, raised by the Board. When an award is passed and is filed in the court, the award as such is not enforceable and the amount awarded therein does not become recoverable till the civil court puts its seal on it and makes a rule by passing a decree in terms thereof.

The award when filed in the court is liable to be confirmed, remitted for reconsideration or set aside, under the provisions of me Act. where the arbitration is not with the intervention of the court, it may be contended that passing of the award itself makes the amount awarded due The fats of this case, therefore, distinguish the case of Sheshappa Hegde [1984] 150 ITR 164 (Kar.), on which strong reliance has been placed by the assessee. In the instant case, the umpire, by his award resolved the dispute of difference of price and quantified the price, but it did not become due for payment soon after the passing of the award. The

award was filed in the court and the price became due for payment only when the decree in terms of the award came to be passed.

21. As against the various authorities relied upon by the Id. counsel for the assessee in support of his contention that in his case, it is the date of arbitrator's award and not the date on which the award is made the rule of the court that is material, Id. DR has strongly relied upon the judgement of Hon'ble Allahabad High Court reported in 119 ITR 709 (All.) and 143 ITR 551 (Del.). In the latter judgement, Hon'ble Delhi High Court have at page 558 and 559 observed as under : An award of an arbitrator that is not filed in court and made a rule of court has no force or validity. It has no effective value and it cannot create, extinguish or pass any title or interest. Nobody can rely on such award by way of attack or defence in any proceeding whatsoever. Indeed, in such a case, the parties are not barred even from filing a suit on the original cause of action. No party can be prejudiced or benefited by the mere existence of such an award. It may be that effect can be given to the award if both parties consent to abide by its terms. But that will be on the ground that the parties have by mutual agreement settled a dispute between themselves and perhaps in that situation the liability can be said to have been admitted and so to have accrued when the award is given. But where proceedings are taken under Section 15 of the Arbitration Act, the position is different. In such a case, until the proceedings in court conclude, the award as such is unenforceable. Moreover, when the award is filed into court and a decree on its terms sought, it is open to the court to consider it in all its aspects. The court can set aside, modify or remit the award for fresh consideration and it cannot be taken for granted that the court will make a decree on its terms. We are, therefore, of opinion that the assessee did not get an enforceable right (which is what is material for purposes of accrual) until the award had been made a rule of the court. This is also the view taken by the Allahabad High Court in A.P.S. Cold Storage and Ice Factory v. CIT [1979] 119 ITR 709. We uphold the view taken by the Tribunal on this point.

22. On consideration of the matter, we do not see in the passage relied upon by the Id. counsel for the assessee in the judgement of the Hon'ble Supreme Court in the case of Central India Electric Supply Company (supra) an authority to the

effect that in every case where the arbitration is not with the intervention of the court, the significant date is the date on which arbitration award is made and not the date on which the award is made a rule of the court. Hon'ble Supreme Court have only stated that where the arbitration is not with the intervention of the court, it may be contended that passing of the award itself makes the amount awarded due. The language employed is "it may be contended".

Thus, Hon'ble Supreme Court has not to put their seal on the argument and merely pointed out the possibility of there being a contention. As against this, the judgement of Hon'ble Delhi High Court in the case of Fazilka Electric Supply Company Limited 143 ITR 551 (Del.) is unequivocal that the material date is the date on which the award is made the rule of the court in every case where the award is filed in the court and a decree on its term sought.

23. In the instant case, RSRTC by various letters during 1993 addressed to the assessee asked the assessee to indemnify the losses incurred by the RSRTC. Certain further correspondence ensued and thereafter RSRTC invoked clause X of the Agreement dated 24.7.1991 that envisaged that in the case of a dispute between the parties, the matter would be referred to the Chairman, RSRTC and the decision of the arbitrator would be final and binding upon the parties. Vide order dated 25.11.1993, the Managing Director, RSRTC appointed Principal Secretary (Home Department) to the Government of Rajasthan, Jaipur as the arbitrator in place of Chairman, RSRTC. The arbitrator passed his award on 4.4.1997 and presented the award before the District Judge, Jaipur on 24.5.1997. The assessee filed objections before the District Judge, Jaipur under the provisions of Section 30 and 33 of Arbitration Act.

After hearing the objections of the parties, District Judge, Jaipur by his decision dated 22.11.1999 made the arbitration award dated 4.4.1997 rule of the court and decreed certain amounts in favour of RSRTC. The assessee, however, did not accept the decision of District Judge and filed further petition before the High Court. On these facts, it is difficult to accept that it is the date of arbitration award and not the date on which the arbitration award was made the rule of the court that should be taken into consideration. In our view, since the Award was referred to

the District Judge the assessee's case is covered by the judgement of Hon'ble Delhi High Court in the case of Fazilka Electric Supply Company Limited (supra).

24. During the course of hearing before us, the Id. counsel for the assessee has placed considerable reliance on the doctrine of hindsight.

In our considered opinion, the said doctrine has no application here.

In a case where any liability or receipt has accrued but not quantified, it is settled legal position that the assessment is to be made on the basis of date of accrual in a case where mercantile system of accounting is applicable. The accrual of liability or income is not postponed for want of quantification. In such cases, the courts have held that if at the time of assessment or appellate becomes proceedings, the quantified amount becomes known the same should be made part A of the relevant assessment. In the instant case, we are not concerned with the quantification of the Liability but the accrual of the liability itself. The doctrine of hindsight cannot affect the date of accrual of liability or as the case may be income. The accrual refers to the right to receive or the liability not to pay. These are legal rights or obligations that can be affected by the doctrine of hindsight. In this context, we see considerable force in the argument of the learned DR also that the assessee was in the instant case disputing the liability itself and not merely the quantum thereof 25. In view of the discussion in the foregoing paragraphs, we are of the view that the Id. CIT (A) erred in allowing the assessee deduction of the sum of Rs. 1,70,74,000/- which liability did not accrue in the assessment year 1998-99. We, therefore, set aside the impugned order of the Id. CIT (A) on this point and restore the assessment order as originally made by the Assessing Officer.

26. Second ground in this appeal is directed against deletion of the addition of Rs. 3,37,254/- relating to prior period expenses. The assessee claimed the prior period expenses to the tune of Rs. 8,01,950/- crystallized during the financial year 1997-98 only. The assessee inter alia claimed that it had settled the claims of two parties during the financial year 1997-98 for the sum of Rs. 2,11,895/-. The Id. Assessing Officer did not accept this contention for want of documentary evidence. Secondly, for the same reasons, the Id. Assessing Officer did not accept the

assessee's claim of deduction on settlement of account of a Bhubaneswar party amounting to Rs. 1,25,359/- On assessee's appeal, the Id. CIT (A) held that there was considerable correspondence amongst the parties and the deduction claimed by the assessee could be correlated to the claims of non-receipt of material raised by the parties. The Id. CIT (A) was satisfied that the expenditure crystallized in the year under consideration. She, therefore, allowed the assessed deduction for a sum of Rs. 3,37,254/-. During the course of hearing before us, the Id. DR argued that the Id. CIT (A) had not given any detailed reasons. We find that the Id. CIT (A) has categorically stated that she had gone through the internal documents and vouchers which were part of the regular books of account of the assessee. All details were in natural sequence and logical order. The Id. CIT (A) has further stated that she had perused several correspondence exchanged between the parties and the assessee and the same were co-relatable to the accounts maintained regarding the issue. She was also convinced about the verification, inspection report and satisfaction of the company. In view of these specific assertions of the Id. CIT (A), we are not inclined to interfere in the impugned order in this behalf particularly when there is no specific material brought on record by the Assessing Officer in the first instance while disallowing the assessee's claim. This ground of appeal is, therefore, rejected.

27. Ground of appeal No. 3 is directed against deletion of the interest charged under Section 234A, 234B and 234C of the Act. On perusal of the assessment order, we find that there is a categorical finding of the Id. Assessing Officer that interest should be charged under Section 234B. The words 234A and 234C were scored out by the Assessing Officer before signing the assessment order. It appears that in the copy forwarded to the assessee, the striking out of other provisions was not made. It is, therefore, clear that the ground of appeal raised by the assessee and allowing of the same by the Id. CIT (A) is based upon a misunderstanding that had arisen on account of clerical mistake in the assessee's copy. However, in the original copy of the order, there is no mistake. We, therefore, uphold the order of the Assessing Officer levying interest under Section 234B.