M/S. Sanjeev Woolen Mills vs Commissioner Of Income-Tax, Mumbai on 24 November, 2005

Equivalent citations: AIR 2006 SUPREME COURT 500, 2005 AIR SCW 6138, 2006 TAX. L. R. 28, (2005) 10 JT 83 (SC), 2005 (13) SCC 307, 2005 (9) SCALE 519, 2005 (8) SLT 722, (2005) 149 TAXMAN 431, (2005) 279 ITR 434, (2006) 1 PAT LJR 159, (2006) 1 SCJ 158, (2006) 192 TAXATION 10, (2005) 8 SUPREME 304, (2005) 9 SCALE 519, (2006) 1 JLJR 127, (2005) 199 CURTAXREP 441, 2005 (4) BOM LR 1257, 2005 BOM LR 4 1257

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Bench: Ar. Lakshmanan, P.P. Naolekar


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           CASE NO.:
Appeal (civil)  6735-6736 of 2003

PETITIONER:
M/S. Sanjeev Woolen Mills

RESPONDENT:
Commissioner of Income-tax, Mumbai

DATE OF JUDGMENT: 24/11/2005

BENCH:
Dr. AR. Lakshmanan & P.P. Naolekar

JUDGMENT:
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J U D G M E N T P.P. NAOLEKAR, J.

The appellant, (hereinafter to be referred to as an 'assessee') is a firm engaged in the imports of synthetic waste and manufacture and export of woolen blankets. Since the assessee had been in export, the economy of the business of the assessee worked out on the basis of U.S. $ price and for the purpose of stock valuation, the same was recorded in Rupees for which the prevailing exchange rate was applied. The assessee was maintaining books of accounts on a consistent method on mercantile basis right from the insertion of its business and Department has accepted the same for the purpose of income-tax except in the years in question. Since the Account Year, 1986-87, the assessee followed the method of accounting, and for which the stock of raw-material/semi- finished goods were valued at cost price and finished goods at the market price.

For the Assessment Year 1992-93 (hereinafter to be referred to as the 'First year'), the assessee valued the closing stock at the rate of Rs.130/- per kg. whereas the opening stock were shown at

Rs.90/- per kg. In the subsequent year 1993-94, the assessee valued the opening stock at Rs.130 per kg. for the finished goods and there was no closing stock. The assessee returned a loss of Rs.54,420/- for the second year. For the First year, the assessee claimed benefit under Section 80 HHC of the Income-tax Act 1961 (hereinafter to be referred to as an 'Act'). It is the case of the assessee that during the Financial year 1991-92, the Rupee had undergone de-valuation against U.S. $. The price of the U.S. $ as on 1.4.1991 was Rs.18/- per Dollar and at the time of the closing as on 31.3.1992, it was Rs.31/- per U.S. Dollar. As per the evidence, the assessee's case is that at the relevant time the market price of the blanket in the international market was U.S.$ 4.59 per kg. and the rate of U.S. Dollar in Rupees 18.20 per Dollar. As such, the market price was Rs.90/- per kg. as on 31.3.1991/1.4.1991 (closing stock of the previous year/opening stock valuation for the year 1992-93). At the end of the year 1992-93, on 31.3.1992, the market price of the blanket in the international market was U.S. $5.35 per kg. and the rate of U.S. $ in Rupee was Rs.31/- per Dollar and the market price worked out to be Rs.165.85 per kg. and on 31.3.1992 after deducting the transport charges, freight, commission and other incidental charges to the tune of Rs.35.85, price of the blanket at market value was fixed at Rs.130 per kg. which was shown as closing stock value of the Assessment Year 1992-93. The assessee has taken the value of the closing stock as on 31st of March as the opening stock on 1st of April to be the same in every year for the finished product at market value and the raw material at cost price. The assessee also valued the market price of the finished product at the rate of Rs.98/- as on 1.4.1991 as the actual market price of Rs.130/-per kg. as on 31.3.1992 and also on 1.4.1992 the price of the finished product as opening stock value for the Second Year.

The Assessing Officer has found that on adoption of the aforesaid method, there is a stark contrast in the gross profit ratio for the accounting year 1990-91, 1991-92 and 1992-

93. He concluded that the method of valuing the closing stock at market value resulted in a distorted picture and assessee had artificially inflated the profits in order to get benefit under Section 80 HHC of the Act, which amounted to tax planning with intent to defraud the Revenue. The Assessing Officer ruled that by following the aforementioned method, the assessee effectively showed to earn income out of itself, which was totally against the basic principles of accountancy and law. He further observed that by proper application of the provisions of the Act and principles of accountancy, the assessee had to value its closing stock at cost or market price whichever was lower but that was not done. He further found that in the Second Year, the assessee had valued opening stock at Rs.130 per kg. in place of Rs.90 per kg. which had suppressed the factum of profits. He applied the standard prescribed for "Valuation of Inventory" at the cost price and added an amount of Rs.2,67,38.280.00 to the total income of the assessee for the second year.

The assessee preferred an appeal for the First Year and also for the Second Year before the C.I.T. (Appeals). Both the appeals were dismissed by C.I.T. (Appeals) by observing that by merely following a particular system of accounting regularly in the past would not entitle the assessee to follow the same system of accounting which was not in accordance with the standard principles of accountancy and placed reliance on the judgment of this Court in British Paints vs. C.I.T. [1991]188 I.T.R. 44. It was held that the Assessing Officer had rightly interfered, as duty bound under provisions of Section 145 of the Act to conclude the correct taxable income of each year and for that purpose, there was need to change the system of accounting regularly followed by the assessee, that must be done. As per the appellate authority, no person could earn profit from his own pocket. The valuation of the closing stock required valuing of closing stock either at cost or at market price, whichever was lower.

The assessee, aggrieved by the orders passed by C.I.T. (Appeals), further filed appeals before the I.T.A.T. The Income-tax Appellate Tribunal allowed the appeals of the assessee taking the view that the application on the principle of lower cost or market value was pre-dominantly wrong because there had been several accepted method of accounting such as pure cost method, LIFO, FIFO etc. and observation of the Assessing Officer and the first appellate authority regarding a particular method is the only correct method, was held to be totally absurd. It was observed that lower of the cost or market value method might certainly be considered to be a prudent method of accounting and might be followed by the vast majority of business enterprises but what might not be considered prudent did not necessarily incorrect or against the principles of accounting and hence if any firm has been employing the market value method for a long time consistently, it could not be considered as against the principles of accountancy nor the method adopted for defrauding the Revenue. The Tribunal has directed that valuation of the finished goods as made by the assessee be accepted. Regarding opening stock of the Second Year, the Tribunal has allowed the assessee to value it as the closing stock of the First year. The Revenue challenged this order of the Tribunal in the High Court of Bombay by filing an Income-tax Appeal.

The Division Bench of the High Court by its judgment dated 11.12.2002 allowed both the appeals and held that the method of valuation of closing stock adopted by the assessee was not correct and that the entire device was to inflate deduction under Section 80 HHC and to suppress the profits in the Second Year because the correct taxable income could never be computed on the basis of the system of relief provided under Section 80 HHC and that under the different assessment year constituting separate unit and the principle of 'lower of the cost or market value' had been fully satisfying the mandatory touchstone of "no escapement of tax" rule. Against this order of the High Court, the assessee has came before this Court. Shri B.V. Desai, learned counsel for the appellant has urged that in the facts and circumstances of the case where in the First Year, the valuation of the stock increased pre- dominantly because of the market factor and also the sudden spurt and increase in the exchange rate of U.S. $, it could not have been said that the appellant has adopted a method of accounting to defraud the Revenue particularly so when the accounting method chosen by the assessee is not for a particular year and is being adopted consistently from the year 1985-86. It is further urged that it is a well-settled principle of income- tax law that the assessee is free to adopt any system of accounting and the valuation chosen at the market rate has been a well settled principle of accounting and therefore simply because the assessee has claimed benefit under Section 80 HHC, in a particular year the method of accounting could not have been found fault with. It was further urged that the provisions of Section 145 (1) of the Act are not attracted as the assessee had adopted the valuation of the finished goods on market price and consistently followed the same. The contention of the counsel proceeded on the exercise of jurisdiction and he urged that the power under Section 145 of the Act could only be exercised if there is material to prove that the method in question is such that in the opinion of the Assessing Officer, the income cannot be properly deducted. The sine qua non for enforcing the provisions of Section 145 of the Act is that the

Assessing Officer should be of the opinion that from the method of accounting the income cannot be properly deducted and this opinion should be based on sound and reasonable footing. On the other hand, Shri Rajiv Dutt, Sr. Advocate for the respondent has urged that the established and consistent practice of accounting which is accepted by Courts is valuation of the closing stock either at the cost or at market price, whichever was lower. If the established practice of accounting is not adopted, the Assessing Officer was justified in invoking Section 145 of the Act. The method of accounting chosen by the assessee was merely to claim maximum deduction under Section 80 HHC in the First Year and suppression of the profit in the Second year. It is further urged that each accounting year being a separate unit in itself, merely because in the past Department accepted a method, would be no ground to prohibit the assessing officer from exercising his discretion and powers under Section 145 of the Act. To appreciate and to deal with the rival contentions put forward by the learned counsel in the facts of the present case, it would be appropriate to re-produce the relevant provisions of Section 145 (1) of the Income-tax Act as was applicable at the relevant time. Section 145 (1) of Income-tax Act reads as under:

> 145. (1) Income-chargeable under the head "Profits and gains of business or profession" or "Income from other sources" shall be computed in accordance with the method of accounting regularly employed by the assessee:
>
> Provided that in any case where the accounts are correct and complete to the satisfaction of the Assessing Officer but the method employed is such that, in the opinion of the Assessing Officer, the income cannot be properly deduced therefrom, then the computation shall be made upon such basis and in such manner as the Assessing Officer may determine:
>
> Provided further that where no method of accounting is regularly employed by the assessee, any income by way of interest on securities shall be chargeable to tax as the income of the previous year in which such interest is due to the assessee:
>
> Provided also that nothing contained in this sub- section shall preclude an assessee from being charged to income-tax in respect of any interest on securities received by him in a previous year if such interest had not been charged to income-tax for any earlier previous year.
>
> Where the Assessing Officer is not satisfied about the correctness or the completeness of the accounts of the assessee, the Assessing Officer may make an assessment in the manner provided in Section
>
> 144.

Section 145 provides that in case assessing officer is of the view that the assessee's accounts are incomplete or incorrect or method of accounting has not been regularly followed by the assessee, the Assessing Officer may resort to make best judgment assessment in the manner provided under Section 144 of the Act instead of making assessment under Section 145 of the Act. To attract Section

145 of the Act, it is necessary that:

> a) the assessee has computed the income in accordance with the method of accounting regularly employed by the assessee ; and
>
> b) provided where the accounts are correct and complete to the satisfaction of the assessing officer; but
>
> c) the method employed is such that in the opinion of the assessing officer, the income cannot be deduced therefrom then the assessing officer may adopt a different method of computation of the income as he may determine.

The assessee may employ whichever basis of valuation of stock in hand, but it must adhere to that consistently year after year. Casual departure of valuation of trading stock in hand at cost or market value is not permissible. The method adopted of maintaining the accounts should be definite method of valuation which is carried by the assessee from year to year. To attract the provision of Section 145 of the Act the consistent method of maintaining accounts books is a first condition thereafter the assessing officer should be of the view that the accounts are correct and complete but the method employed is such that in the opinion of the assessing officer the income cannot properly be deduced therefrom. The choice of method of accounting regularly employed by the assessee lies with the assessee but the assessee would be required to show that he has followed the chosen method regularly. The Department is bound by the assessee's choice of method regularly employed unless by this method the true income, profit of accounts cannot be arrived at. The assessee's regular method would not be rejected as improper merely because it gives him the benefit in certain years or that as per the assessing officer the other method would have been more preferable. The method of accounting cannot be substituted by the assessing officer merely because it is unsatisfactory. What is material for the purpose of Section 145 is, the method to be such that the real income, profit and gain can be properly deduced therefrom. If the method adopted does not afford true picture of profit, it would be rejected, but then such rejection should be based on cogent evidence and would be done with caution. The power can be exercised by the assessing authority to choose the basis and manner in computation of income but he must exercise his discretion and judgement judicially and reasonably.

In the present case the assessee through out has computed the income and maintained accounts on the basis of valuation of opening stock of raw material and semi finished goods at stock price and finished goods at the market price. The assessee has adopted method of accounting whereby closing stock of the year is the opening stock of the next year, and the valuation placed by the assessee upon his closing stock of the year as the valuation of the opening stock of the next year. As per the assessing officer by virtue of this method in the assessment year 1992-93 the gross profit ratio was Rs.2054.60% for the first year which stood in stark contrast to 119.18% for the accounting year 1991-92 and 64.85% for accounting year 1991 and, therefore, the method adopted shows artificially inflated profit in order to get the deduction benefit under Section 80HH (C) of the Income Tax Act. While framing the question of law the High Court has also framed a question whether in the facts and circumstances of the case and in law, the ITAT was justified in holding that the higher market rate of valuation of closing stock adopted by the assessee was correct, without appreciating that acceptance of said method had resulted in doctored abnormal gross profit ratio of 2054.60%, which by no yardstick of basic principle of accountancy could be held as proper reflection of income. The High Court has arrived at the conclusion that this gross inflation in the profit was made merely to get the benefit of Section 80HH(C) for the first year and suppress the profit in the second year. Thus it is apparent that the assessing officer as well as the High Court were impressed by the factor that the method adopted by the assessee in computing the income results in showing of abnormally gross profit ratio and that was done for the purposes of taking benefit under Section 80HH(C) for the first year and for reducing the profit in the second year by showing the value of the finished products at the market rate at the end of the first year and in the beginning of the second year. Although it is correct to say that regular method of accounting adopted cannot be rejected by the assessing officer merely on the basis of profit earned or loss suffered by the assessee in particular year but that can be certainly a reason for an assessing officer to make deeper probe of the account to find and whether the accounts reflects real income, profit and gains of the assessee. It is settled law that the true trading result of business for an accounting period cannot be ascertained without taking into account the stock in trade at the end of the accounting period. While considering the method of accounting in C.I.T. vs. A. Krishnaswami Mudaliar [1964] 53 I.T.R. 122, this Court pointed out that in the event where the assessee is following the cash system of accounting, the valuation of the closing stock cannot be dispensed with. The Court quoted with approval the following observations in Commissioner of the Inland Revenue vs. Cock, Russell and Co. Ltd. [1949] 29 Tax Cases 387 = (1949) All E.R. 889:

> "There is no word in the statutes or rules which deals with this question of valuing stock-in-trade. There is nothing in the relevant legislation which indicates that in computing the profits and gains of a commercial concern the stock-in-trade at the start of the accounting period should be taken in and that the amount of the stock-in-trade at the end of the period should also be taken in. It would be fantastic not to do it : it would be utterly impossible accurately to assess profits and gains merely on a statement or receipts and payments or on the basis of turnover. It has long been recognized that the right method of assessing profits and gains is to take into account the value of the stock-in-trade at the beginning and the value of the stock-in-trade at the end as two of the items in the computation. I need not cite for the general proposition, which is admitted at the Bar, that for the purposes of ascertaining profits and gains the ordinary principles of commercial accounting should be applied, so long as they do not conflict with any express provision of the relevant statutes"

The Court further observed:

> "We have already said that in England there is no provision which compels the tax officer to adopt in the computation of income the system of accounting regularly employed by the assessee. But whatever may be the system, whether it is case or mercantile, as observed by Croom-Johnson J. in a trading venture it would be impossible accurately to assess the true profits without taking into account the value

> of the stock-in-trade at the beginning and at the end of the year ."

From the above it is clear that it is settled law that true profit of business for an accounting period cannot be ascertained without taking into account the value of the stock in trade remaining at the end of the period and that such valuation is a necessary element in the process of determining the trade result of the period. The principles on which the method of valuation of closing stock is done is also well settled. They have been set out in Whimster and Co. vs. C.I.R. [1925] 12 Tax Cases 813 in the following words :-

> "In computing the balance of profits and gains for the purposes of income tax two general and fundamental commonplaces have always to be kept in mind. In the first place, the profits of any particular year or accounting period must be taken to consist of the difference between the receipts from the trade or business during such year or accounting period and the expenditure laid out to earn those receipts. In the second place, the account of profit and loss to be made up for the purpose of ascertaining the difference must be framed consistently with the ordinary principles of commercial accounting, so far as applicable, and in conformity with the rules of the Income-tax Act, or of that Act as modified by the provisions and schedules of the Acts regulating excess profits duty, as the case may be. For example, the ordinary principles of commercial accounting require that in the profit and loss account of a merchant's or manufacturer's business the values of the stock-in-trade at the beginning and at the end of the period covered by the account should be entered at cost or market price, whichever is lower; although there is nothing about this in the taxing statutes."

In the words of Bose, J. in Kikabhai Premchand vs. CIT [1953] 24 I.T.R. 506 (SC) at page 510 :-

> "The appellants's method of book-

> keeping reflects the true position. As he makes his purchases he enters his stock at the cost price on one side of the accounts. At the close of the year he enters the value of any unsold stock at cost on the other side of the accounts thus canceling out entries relating to the same unsold stock earlier in the accounts ; and then that is carried forward as the opening balance in the next year's account. This canceling out of the unsold stock from both sides of the accounts leaves only the transactions on which there have been actual sales and gives a true and actual profit or loss on his year's dealings."

The rationale behind valuation of the stock at "cost" or "market", whichever is lower is explained by Patanjali Sastri, CJ in Chainrup Sampatram vs. C.I.T. [1953] 24 I.T.R. 481 (S.C.) at Page 485:-

> "Mt is wrong to assume that the valuation of the closing stock at market rate has, for its object, the bringing into charge any appreciation in the value of such stock. The true purpose of crediting the value of unsold stock is to balance the cost of those goods entered on the other side of the account at the time of their purchase, so that

> the canceling out of the entries relating to the same stock from both sides of the account would leave only the transactions on which there have been actual sales in the course of the year showing the profit or loss actually realized on the year's trading. As pointed out in paragraph 8 of the Report of the Committee on Financial Risks attaching to the holding of Trading Stocks, 1919, "As the entry for stock which appears in the trading account is merely intended to cancel the charge for the goods purchased which have not been sold, it should necessarily represent the cost of the goods. If it is more or less than the cost, then the effect is to state the profit on the goods which actually have been sold at the incorrect figure From this rigid doctrine one exception is very generally recognized on prudential grounds and is now fully sanctioned by custom, viz., the adoption of market value at the date of making up accounts, if that value is less, than cost. It is of course an anticipation of the loss that may be made on those goods in the following year, and may even have the effect, if prices rise again, of attributing to the following year's results a greater amount of profit than the difference between the actual sale price and the actual cost price of the goods in question" (extracted in paragraph 281 of the Report of the Committee on the Taxation of Trading Profits presented to British Parliament in April 1951). While anticipated loss is thus taken into account, anticipated profits in the shape of appreciated value of the closing stock is not brought into account, as no prudent trader would care to show increased profit before its actual realization. This is the theory underlying the rule that the closing stock is to be valued at cost or market price whichever is the lower, and it is now generally accepted as an established rule of commercial practice and accountancy."

In A.L.A. Firm vs. C.I.T. [1991] Vol.189 I.T.R. (S.C.) page 285, the Court said that as against the valuation of the stock at cost or market whichever is lower, valuation of the closing stock at the market value will invariably create problem. For, if the market value is higher than the cost then the accounts will reflect notional profits not actually realized. On the other hand, if the market value is less, the assessee will get the benefit of the notional loss which he has not incurred. Nevertheless, as mentioned earlier, the ordinary principle of commercial accounting permit valuation at cost or market whichever is lower. The proper practice is to value the closing stock at cost. That will eliminate entries relating to the same stock from both sides of the account. To this Rule, custom recognized only one exception and that is to value the stock at market value that is lower. But on no principle can one justify the valuation of the closing stock at a market value higher than the cost as that will result in taxation of the notional profits the assessee has not realized. In Shakti Trading Co. vs. C.I.T., Coimbatore , (2001) 6 S.C.C. 455, this Court had held that the proper practice is to value the closing stock at cost. To this Rule, the custom recognized only one exception and that is to value the stock at market value if it is lower. But on no principle can one justify the valuation of the closing stock at market value higher than the cost as that will result in taxation of notional profits which the assessee has not realized. The aforesaid catena of decision recognized in the accounting practice, of valuation of closing stock and permissible limit thereof of showing the stock at cost or at market value whichever is lower. Permissibility of value of the stock at a market value would be only if the valuation of the market value of the stock is lower than the cost of the stock.

In C.I.T. vs. A.Krishnaswami Mudaliar [1964] 53 I.T.R. 122, at page 128:-

> "Again as observed by this Court in C.I.T. vs. McMillan and Co. [1958] 33 I.T.R. 182, the expression 'in the opinion of the Income- tax Officer' in the proviso to Section 13 of the Indian Income-tax Act, 1922 does not confer a mere discretionary power ; in the context it imposes a statutory duty on the Income-tax Officer to examine in every case the method of accounting employed by the assessee and to see whether or not it has been regularly employed and to determine whether the income, profits and gains of the assessee could properly be deduced therefrom."

It is said in S.N. Namasivayam Chettiar vs. C.I.T. [1960] 38 I.T.R. 579 (S.C.), it is for the officer to consider the material placed before him and, if, upon such consideration, he is of the opinion that correct profits and gains could not be deduced from the accounts, he would then be obliged to have recourse to the proviso to section 13 of 1922 Act which corresponds to Section 145 of the Act In C.I.T. vs. Sarangpur Cotton Mfg. Ltd.

,(1938) 6 ITR 36, Lord Thankerton stated that section 13 of the Indian Income-tax Act, 1922, related to a method of accounting regularly employed by the assessee. The section postulated that such a method of accounting was the necessary basis of computation, unless in the opinion of the Income-tax Officer, the income, profits and gains could not properly be deduced from such method. But it could very well be that, "though the profit brought out in the accounts is not the true figure for income-tax purposes the true figure can be accurately deduced therefrom . . ." But it was not a correct view that the Income- tax Officer was "prima facie entitled" to accept the profits mentioned in the accounts where there was a method of accounting regularly employed by the assessee. "It is the duty of the Income-tax Officer, where there is such a method of accounting to consider whether income, profits and gains can properly be deduced therefrom, and the proceed according to his judgment on this question. From the aforesaid decision one can easily deduce the principle that it is the duty of the assessing officer to examine in every case the method of accounting adopted by the assessee and to see whether the income, profit and gains of the assessee could properly be assessed therefrom. If the assessing officer is of the view that the profit could not be properly deduced from the accounts maintained he can apply the provisions of Section 145 of the Act. In the present case, the method adopted by the assessee is to value the closing stock at the market value irrespective of the fact whether the market value of the stock at the relevant time is more than the cost value of the stock, which necessarily results in an imaginary or notional profits to the assessee which he has not actually received. In fact such a notional imaginary profit cannot be taxed. It is well settled principle as held in Kikabhai Premchand vs. C.I.T. [1953] 24 I.T.R. 506 (S.C.) Constitution Bench judgment that the firm cannot make profit out of itself. The transaction which is not business transaction and does not derive immediate pecuniary gain is not subjected to tax In the present case by showing the market value of the closing stock the assessee has earned potential profit out of itself in as much as the stock in trade remained with the assessee at the closing of the accounting year. Secondly, putting the stock at the market value does not and cannot bring in any real profit which is necessary for taxing the income under the Act as is held in Chainrup Sampatram vs. C.I.T. [1953] 24 I.T.R. 481 (S.C.) and CIT vs. Hind Construction Ltd.. (1972) 83 ITR 211. Thirdly, it is settled principle of Income-tax Law that it is the real income, which is taxable under the Act. This proposition was enunciated in C.I.T. vs. Birla Gwalior (P.) Ltd., [1973] 89 I.T.R.266 (S.C.), which was pronounced in C.I.T., Bombay City I vs. Messrs. Shoorji Vallabhdas and Co. [1962] 46 I.T.R. 144 (S.C.). Under Section 145 of the Act chargeable income has to be deduced from the accounts regularly employed by the assessee, if in the opinion of the assessing officer the accounts are correct and complete. The assessing officer can apply a different method of accounts to deduce the income chargeable if in his opinion the method employed by the assessee the chargeable income cannot properly be deduced. The recognized and settled accounting practice of accounting with the closing stock in the accounts has to be valued on the cost basis or at the market value basis if the market value of the stock is less than the cost value. In the present case the assessee has not adopted the established and settled practice. The market value of the stock has been taken into consideration while arriving at chargeable income although the market value of the stock is more than the cost value of the stock. The profit earned is only notional. There is no transfer of the goods and the closing stock remains the opening stock of the next accounting year. The income which has not been derived at by the assessee cannot be said to be the income chargeable for income and, therefore, the rejection of the accounts maintained by the assessee for the valuation of the closing stock by the assessing officer and confirmed by the High Court is in accordance with law. The power exercised by the assessing officer under Section 145 is as per the principles enunciated by various authorities and the courts. We do not find any good or sufficient reason to interfere with the order passed by the High Court. The appeal is dismissed with no order as to costs.