

Supreme Court of India

Raymond Woollen Mills Ltd. vs Income-Tax Officer And Ors. on 17 December, 1997

Equivalent citations: (1999) 236 CTR SC 34, 1999 236 ITR 34 SC

Bench: S Sen, S S Quadri

JUDGMENT

1. The challenge in this case is to the reopening of the assessment of Raymond Woollen Mills Ltd. We have been shown the recorded reasons for reopening under Section 147(a). The case of the Revenue was that the assessee was charging to its profit and loss account, fiscal duties paid during the year as well as labour charges, power, fuel, wages, chemicals, etc. However, while valuing its closing stock, the elements of fiscal duty and the other direct manufacturing costs were not included. This resulted in under valuation of inventories and understatement of profits. This information was obtained by the Revenue in a subsequent year's assessment proceeding.

2. Mr. Vellapally, learned senior counsel appearing on behalf of the appellant, has argued that the Department has made a grievous error in coming to this conclusion.

3. In this case, we do not have to give a final decision as to whether there is suppression of material facts by the assessee or not. We have only to see whether there was prima facie some material on the basis of which the Department could reopen the case. The sufficiency or correctness of the material is not a thing to be considered at this stage. We are of the view that the court cannot strike down the reopening of the case in the facts of this case. It will be open to the assessee to prove that the assumption of facts made in the notice was erroneous. The assessee may also prove that no new facts came to the knowledge of the Income-tax Officer after completion of the assessment proceeding. We are not expressing any opinion on the merits of the case. The questions of fact and law are left open to be investigated and decided by the assessing authority. The appellant will be entitled to take all the points before the assessing authority. The appeals are dismissed. There will be no order as to costs.