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CHAPTER 1

SEARCH PROVISIONS, INCLUDING THE LATEST AMENDMENTS

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and at the branch premises of the principal entity <i>i.e.</i> , supplying entity. The statements do not bear the signature of the deponent and the officer. In both the statements the deponents confirmed that the payment of commission was not genuine and they were book entries only. Subsequently, other partner of the principal entity <i>i.e.</i> , supplying entity retracted the statement mentioning that the survey team has put undue pressure, and misguided the partner of the supplying entity and compelled him to confess that commission was bogus. The undisputed facts on record proved that commission has been paid by account payee cheques and tax at source was deducted and remitted on the commission payments to the Government.	
Q.329 A survey u/s. 133A was conducted at the business premises of an assessee carrying on business in purchase and sale of jewellery. In the statement recorded during survey proceedings, on the basis of a letter written by the assessee on a plain paper to one Mr. 'A' about the cessation of a liability, that has been found, assessee surrendered the liability amount and also offered additional income on account of discrepancy in stocks and cash payments outside the books. Assessee in the return of income submitted had not declared the amount admitted in respect of the cessation of the liability, that was accepted when the statement was recorded u/s. 131. Assessing Officer while completing the assessment added the amount of cessation of liability invoking the provisions of section 69 on the premise that the correct state of affairs was not corroborated by any evidence. In the given facts whether	313

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	A Society was served with a notice u/s. 133(6) of Income-tax Act, 1961, calling for information of persons who deposited more than Rs. 5 lakhs and interest income

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received by persons exceeding Rs.10,000/- in the respective financial years, as mentioned in the notice, the society did not furnish the details called for as per notice u/s. 133(6) of the Act. Penalty proceedings were initiated invoking provisions of section 272A(2)(c) read with section 274 and imposed the penalty as specified by the statute since no reasonable cause for the failure was shown by the society. Is the assessing officer, justified in imposing the penalty?	
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surrendered income was not reflected. In the course of assessment proceedings assessee firm pleaded as under :-

(i) The admission made in the statement recorded under section 133A on oath during survey cannot be relied as evidence against the assessee firm.

(ii) There were mistakes in the physical inventory, by overwriting, cutting, calculation mistakes and tampering of inventory sheets.

(iii) The valuation of stocks was not correct, because the deduction granted towards deduction of discount and gross profit rate from the tag price, for arriving at the valuation was not correct.

It was on the above premise, assessee firm contended that (a) there was no excess investment in stocks (b) the statement recorded on oath u/s. 133A during survey cannot be relied as evidence during assessment and (c) stock was estimated by tampering inventory sheets, lesser deduction on discounts from the tag price resulted in high rate of gross profit. The assessing officer did not give weight to any of the contentions and made the addition of the amount admitted in the statement. Is the assessing officer justified in making the addition, on such premise of unexplained investment in stocks?

- Q.335** A survey was conducted at the business premises of the partnership firm. Stocks-in-trade were found to be in excess and the value in excess was agreed to be surrendered as unexplained investment. Assessee firm contended that such investment had flown from out of the additions that are not specific and that are intangible in the earlier 322

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years and sought telescoping the addition into the unexplained investment found in stocks.	
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