Mumal Marbles Ltd. v. Assistant Commissioner of Income Tax, Udaipur

D.B. Income Tax Appeal 50/2003

D.B. Income Tax Appeal 50/2003 | 2007-01-24

Unclear basis for addition and an unput source-of-funds issue require fresh Tribunal adjudication.

Income-tax Act,1961: sections 69C

High Court of Judicature for Rajasthan | Division Bench at Jodhpur | Rajesh Balia | Chatra Ram Jat

Assessment years: Not specified in order text

01 FACTS OF THE CASE

Search documents led to a reconstructed cash book showing Rs.8,60,000 advanced to twelve marble suppliers. The assessee said the advances were repaid; the Assessing Officer rejected that account and added the amount. The CIT(A) deleted it, connecting possible marble purchases with Rs.9,32,000 of unrecorded sales already surrendered. The Tribunal restored the addition.

Source: PDF pp.2–4

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished inquiry into the nature or repayment of advances from inquiry into their funding. The latter had not been put to the assessee. It found the Tribunal's discussion of section 69C obscure and outside the controversy as framed; the assessee had claimed no expenditure deduction. The substantial question's accidental reference to deductions was corrected to additions.

Source: PDF pp.1–2 and 4–6

03 JUDICIAL DECISION

The Tribunal's order was set aside. It was directed to decide Revenue's appeal afresh, clearly identify the issues and record findings after adequate opportunity to both parties. Objections to such inquiry at the second appellate stage were preserved.

Source: PDF p.6, operative paragraphs

04 OUTCOME / IN WHOSE FAVOUR

The assessee's appeal was allowed without costs, but the disputed addition was remitted rather than finally deleted on merits. The source is dated 24 January 2007, notwithstanding the 21 January date embedded in its filename and retained archive ID.

Source: PDF p.1, date; p.6, order

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Separate three evidentiary questions: Whether an advance was made, whether it was repaid or adjusted against goods, and where its funding originated are different inquiries. The prejudice arose when the Tribunal used a funding objection that the assessee had never been asked to answer. A reply about repayment does not necessarily address funding. (PDF pp.3–6)

The remand preserves both sides' cases: The Court required defined issues and an opportunity to respond; it did not endorse the CIT(A)'s entire neutralisation calculation or prohibit every further inquiry. The express reservation about a new inquiry at second appeal remains material when framing submissions on remand. (PDF pp.4–6)

Treat the statutory wording cautiously: Page 5 itself contains inconsistent descriptions of section 69C, including a statement about investment. The reliable disposition is the identified procedural defect and fresh adjudication. The note does not convert that passage into a general statutory proposition or hold that absence of a deduction claim alone defeats every addition. (PDF pp.5–6)

Source: PDF pp.3–6

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 6-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.