

CIT vs. Central Provinces Manganese Ore Co. Ltd, ITA No. 47, Date of order: 18-04-2007, High Court of Bombay, [2008] 296 ITR 217 (BOM.)

No additions can be made merely on the basis of difference in the invoice value and market value computed by the customs authorities for the purpose of payment of custom duty in the absence of any adverse material.

The assessee, a non-resident company, derived income mainly from export of manganese ore. The customs authorities initiated proceedings against the respondent/assessee on the ground that the exports of manganese ore affected by the assessee were less than the market price which was in contravention of the customs Act and the Ld. AO made additions on the basis of the amount computed by the authorities being the difference in the invoice value and market value of the goods under the Customs Act for payment of the customs duty.

On appeal, the Tribunal deleted the additions and held that as there is no evidence on record to show that the assessee had recovered any amount in excess of invoice issued, the market value of the exported goods for the purpose of customs duty could not be a sole ground to make additions in the case of the assessee unless there was any material to show that the assessee had in fact received more amount than what was shown in the invoices/bills. The Hon'ble High court has upheld the decision of the tribunal and appeal of revenue is dismissed.