



आयकर अपीलिय अधिकरण, अहमदाबाद न्यायपीठ 'B' अहमदाबाद  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**"B" BENCH, AHMEDABAD**  
**BEFORE S/SHRI SANJAY GARG, JUDICIAL MEMBER**  
**AND**  
**MAKARAND V.MAHADEOKAR, ACCOUNTANT MEMBER**  
**ITA No.1352/Ahd/2025**  
**Asstt.Year : 2018-2019**

Suyog Electricals Ltd. 1A, Madhuvan Apartments 24, Arunoday Society Alkapuri, Vadodara. PAN : AACCS 9412 R	Vs.	DCIT, Cir.2(1)(1) Vadodara.
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(Applicant)		(Responent)
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Assessee by :	Shri Nakul Naik, AR
Revenue by:	Shri Abhijit, Sr.DR

सुनवाई की तारीख / **Date of Hearing** : 11/11/2025  
घोषणा की तारीख / **Date of Pronouncement**: 25/11/2025

**आदेश / O R D E R**

**PER MAKARAND V.MAHADEOKAR, AM:**

This appeal by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi [hereinafter referred to as "CIT(A)"], dated 29.04.2025 arising out of the assessment order passed by the Assessing Officer under section 143(3) read with sections 143(3A) and 143(3B) of the Income-tax Act, 1961 [hereinafter referred to as "the Act"], dated 15.01.2021, for the Assessment Year 2018-19.

**2. Facts of the Case**

2.1 The assessee filed its original return of income on 30.09.2018 which was revised on 30.03.2019 declaring a total income of Rs.17,39,06,700/-. The return was processed under section 143(1) on 20.02.2020, resulting in determination of tax liability. Subsequently, the case was selected for

Limited Scrutiny under the E-assessment Scheme on the issue “Expenditure by way of penalty or fine for violation of any law.” The assessment was thereafter completed under section 143(3) read with sections 143(3A) and 143(3B). The Assessing Officer recorded that the only issue identified in scrutiny was “expenditure by way of penalty or fine for violation of any law”. Upon examination, the Assessing Officer stated that no addition was warranted on the said issue. The assessment was finalised on the basis of the returned figures and the computation sheet forming part of the assessment order. On examination of computation sheet, it was observed by the assessee that the assessed income stood at Rs.17,43,90,590/- with a difference of Rs.4,83,890/- represented by profit on sale of assets (vehicle).

2.2 In appeal before the CIT(A), the assessee contended that an amount of Rs.4,83,894/-, being the profit on sale of a fixed asset, had been erroneously credited to the Profit and Loss Account and inadvertently offered as part of business income in the return. According to the assessee, since the relevant block of depreciable assets continued to exist after the sale, the accounting profit was already reflected through reduction of the block and consequential reduction of depreciation allowable, resulting in double taxation of the same income.

2.3 The CIT(A), after extracting the submissions of the assessee, held that the assessee had not produced any documentary evidence to substantiate the claim of having filed a valid revised return. It was observed that no revised computation, depreciation schedule, reconciliation of written down value, or supporting financial records were submitted to demonstrate double taxation of the profit on sale of the asset. The CIT(A) noted that the assessment was completed on the basis of the returned figures and that the assessee’s claim amounted to raising a new claim for the first time in appellate proceedings, without the backing of a revised return. Consequently, the CIT(A) dismissed the appeal as not maintainable and upheld the assessment order in *toto*.

3. Aggrieved by the order of CIT(A), the assessee is in appeal before us raising following grounds:

*The learned CIT (A) erred in confirming addition of Rs.4,83,894 being profit on sale of assets (vehicle).*

*Your appellant submits that the Company has already deducted the amount of sale consideration towards the vehicle which is Rs.5,60,000 from the Block of Vehicles. The net book value of the Vehicle as per the Books of accounts of the Company is Rs.76,106 which was sold for 5,60,000/- This resulted in a book profit of Rs.4,83,894/- which was deducted from Business Income in accordance with Section 32 and the amount of Rs.5,60,000 was deducted from the Block of Vehicles.*

*Your appellant prays that the addition of Rs.4,83,894/- be deleted.*

3.1 During the course of hearing, the learned Authorised Representative reiterated the facts already placed on record. The learned AR submitted that, during the year under consideration, the assessee had sold a motor car forming part of the block of “Motor Cars” (15 percent). The sale consideration of Rs.5,60,000/- was duly reduced from the gross block while computing depreciation in accordance with section 43(6)(c) of the Act. It was explained that the net book value of the vehicle as per the books of account was Rs.76,106/- and the sale resulted in an accounting profit of Rs.4,83,894/- which was credited to the Profit and Loss account as per the applicable accounting standards. The assessee accordingly reduced the said book profit from its Business Income in the computation of income, since profit or loss on sale of an individual asset forming part of a block is not taxable separately. The learned AR drew attention to Rule 5(1) of the Income Tax Rules, 1962, and submitted that only the adjustment of “moneys payable” is made to the block and depreciation is thereafter allowable on the balance written down value. It was submitted that taxing the so-called “profit on sale” of Rs.4,83,894/- again results in double taxation, which is contrary to the scheme of section 32 read with section 43(6)(c) and Rule 5.

3.2 The AR placed reliance on the ITR extract evidencing reduction of Rs.5,60,000 from the relevant block in the depreciation schedule, and also

furnished ledger accounts of the vehicles sold, namely “Vehicle Magna Hyundai I-20 Car” and “Vehicle Toyota Innova 5329”, showing the opening balances, sale entries, and depreciation recorded in the books. The computation sheet filed with the return of income, as well as the assessment order and related documents, were also placed before the Bench.

3.3 The learned AR submitted that the Assessing Officer has erred in adding the profit on sale of fixed assets, even though the assessee has correctly followed the block of asset concept prescribed under the Act. According to the AR, the addition made by the Assessing Officer and confirmed by the learned CIT(A) amounts to taxing the assessee twice; once by reducing the sale consideration from the block and second time by treating the book profit as taxable income. The AR therefore prayed that the addition of Rs.4,83,894/- on account of profit on sale of asset be deleted.

4. The learned Departmental Representative supported the orders of the Assessing Officer as well as the CIT(A). The DR submitted that the assessee itself has credited the said amount in its Profit and Loss account and therefore the Assessing Officer was justified in treating the same as income chargeable under the head “Profits and Gains of Business or Profession”.

5. We have considered the rival submissions, perused the orders of the lower authorities, and examined the material placed in the paper book, including the computation of income filed with the return, the depreciation schedule forming part of the ITR, and the ledger accounts evidencing the sale of motor cars during the relevant previous year.

5.1 The undisputed position emerging from the record is that the assessee sold a motor car forming part of the block of “Motor Cars” (15 percent). The sale consideration of Rs.5,60,000/- was duly reduced from the gross block while computing the written down value in accordance with Section 43(6)(c) of the Act. The ITR depreciation schedule placed on record clearly shows that the amount of Rs.5,60,000/- has been reduced as “consideration or other realization” while computing the admissible

depreciation for the year. This fact has not been disputed by the Assessing Officer.

5.2 It is also evident from the books of account, as reflected in the ledger accounts of “Vehicle Magna Hyundai I-20 Car” and “Vehicle Toyota Innova 5329”, that the assessee has credited the accounting profit arising on sale of these vehicles. The profit amounting to Rs.4,83,894/- was the difference between the net book value as per companies’ accounts (Rs.76,106/-) and the sale consideration (Rs.5,60,000/-). This profit was consequently reduced in the computation of income filed with the return.

5.3 We find that, under the statutory framework contained in Section 32 read with Section 43(6)(c) and Rule 5 of the Income Tax Rules, the concept of “block of assets” governs depreciation and taxation of gains arising from sale of depreciable assets. Once an asset forms part of a block, the individual identity of the asset is lost. The sale of an individual asset does not give rise to a separate taxable profit. The only adjustment mandated under the Act is the reduction of the “moneys payable”, together with any scrap value, from the opening written down value or additions to the block. The depreciation is thereafter computed on the balance written down value.

5.4 In the present case, the sale consideration of Rs.5,60,000 has already been reduced from the gross block while computing depreciation in the ITR schedule. This reduction represents the full and final statutory adjustment on account of the sale. Bringing the book profit of Rs.4,83,894 to tax separately results in taxing the assessee twice: once through reduction of the block and again by treating the accounting profit as taxable income. This is contrary to the statutory scheme governing depreciable assets.

5.5 The Assessing Officer has not shown any statutory provision under which the accounting profit on sale of an asset forming part of a block can be brought to tax separately. The addition merely relies on the fact that the profit was credited in the Profit and Loss account, overlooking the computation mechanism prescribed in Section 32 and Section 43(6)(c). The

CIT(A) has also not recorded any finding to demonstrate how the addition aligns with the block-of-asset principles.

5.6 In our considered view, once the sale consideration has been duly reduced from the block, the profit or loss recorded in the books loses relevance for the purpose of computation under the Act. The assessee has correctly excluded the book profit in the computation of income. The Assessing Officer was not justified in adding back the same, nor was the learned CIT(A) justified in confirming the addition.

5.7 Having regard to the submissions of the assessee, documents placed on record, and the statutory provisions applicable to the taxation of depreciable assets, we hold that the addition of Rs.4,83,894/- made by the Assessing Officer and confirmed by the CIT(A) is not sustainable.

5.8 In the light of the foregoing discussion, the addition of Rs.4,83,894 on account of alleged profit on sale of fixed assets is directed to be deleted.

6. In the result, the appeal of the assessee is allowed.

**Order pronounced in the Court on 25 November, 2025 at Ahmedabad.**

Sd/-  
**(SANJAY GARG)**  
**JUDICIAL MEMBER**

Sd/-  
**(MAKARAND V. MAHADEOKAR)**  
**ACCOUNTANT MEMBER**

Ahmedabad, dated 25/11/2025

*vk\**

**True Copy**

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल /Guard file.

आदेशानुसार/BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)  
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad