

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCH "B", HYDERABAD**

**BEFORE SHRI D. MANMOHAN, VICE PRESIDENT
AND SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No. 1338/Hyd/2017
Assessment Year: 2014-15**

Dy. CIT, Circle-16(2), Hyderabad. vs. M/s Monster.com (India) Pvt. Ltd., Hyderabad.

(Appellant)

PAN – AACCM3695G
(Respondent)

Revenue by : Shri Dipak Ripote
Assessee by : Shri B. Satyanarayana
Murthy

Date of hearing : 23-02-2018
Date of pronouncement : 28-02-2018

ORDER

PER D. MANMOHAN, VICE PRESIDENT:

This is an appeal filed at the instance of the Revenue and it pertains to A.Y 2014-15. The only ground urged by the Revenue reads by as under:

1. *On the facts of the case and in law, the Ld. CIT(A) erred in deleting the addition made on account of accrued income shown as un-matured advances in the balance sheet.*

2. *Any other ground that may be urged at the time of hearing."*

2. Facts in brief, which are necessary for disposal of appeal, are stated below. The assessee is a provider of online recruitment services. For the year under consideration it declared total income of Rs. 8.59 crores

which was originally processed u/s 143(1) of the Act but later on taken up for scrutiny, wherein the A.O noticed that a sum of Rs. 87,83,02,525/- was shown by the assessee as unmatured income in the balance sheet which ought to have been offered to tax as income of the current year. When called upon to explain, the assessee-company submitted that though it followed mercantile system of accounting, the revenue is recognised on the basis of the contract value performed in each year and the same was recognised as per the accounting standards. It was further submitted that for the year under consideration the value of contracts declared was Rs. 1,44,79,28,503/- which include opening balance of Rs. 79,68,24,058/-; a sum of Rs. 87 crores relates to the unexpired period of the contract period which falls in the next financial year. The payments received are for providing services for an agreed period and for the unexpired portion the receipts were shown as advances and offered to tax for such assessment years. The A.O rejected the contention of the assessee on the ground that the amount having been received, in the absence of any clause for refund of these advances, it accrues in the year under consideration. Though the assessee brought to the notice of the A.O the orders of the Tribunal in the assessee's own case for the earlier years the A.O rejected the contentions by observing as under:

“In the reply, the assessee submitted that on this issue, the decision of the Tribunal is in favour of assessee. But, for the A.Y 2004-05 & 2005-06, the decision of the Tribunal is not accepted by the Revenue and filing of appeal before the High Court is authorized. Therefore, to

keep the issue alive, addition is made on this issue. As the decision of the Tribunal is in favour of assessee, this demand is not enforceable.”

3. Aggrieved, assessee contended before the CIT(A) that identical issue was considered by the ITAT Hyderabad Bench in the assessee's own case for the assessment years 2002-03 onwards and a copy of the same was placed before the Ld. CIT(A) to submit that the assessee company was following mercantile system of accounting and if the income is offered based on some scientific method or past experience, the same cannot be questioned.

4. Having regard to the view taken by the ITAT in the assessee's own case for the earlier years, Ld. CIT(A) accepted the contention of the assessee and thus the Revenue is in appeal before us.

5. Ld. DR relied upon an orders of the ITAT 'B' Bench Hyderabad in the case of Zenith Energy Services Pvt Ltd., Vs ITO, Ward 3(2) Hyderabad (ITA 1862/Hyd/2011) dated 23.11.2011 to submit that accounting standards-9 (AS-9) may be important for the purpose of considering the accrual of income but if they are not in line with the provisions of the statute, the accounting standard need not be followed. Ld DR has also filed the paper book consisting of copy of the balance sheet, statement of profit and loss account etc.

6. On the other hand, the Ld. Counsel, appearing for the assessee, adverted our attention to the order passed by the ITAT 'B' Bench Hyderabad in the assessee's own case for

the assessment year 2001-02 (ITA No. 1081/Hyd/2004 dated 10.08.2007), wherein the Bench observed that if an assessee recognises the revenue on the basis of proportionate completion method, which is recognised by the Institute of Chartered Accountants of India, the same is within the letter of the law. In other words, Revenue recognition proportionately, by reference to the performance of each act, is a standard method followed as per AS-9 and even though such accounting standard was not notified by the CBDT, appellate forum can always consider as to whether such a method of accounting is appropriate in the circumstances to arrive at the correct income of the assessee.

7. We have considered the submissions of both parties. In the assessee's own case the Tribunal observed that the assessee followed appropriate revenue recognition method of accounting and thus the income declared on proportional receipt basis cannot be questioned. This order was followed by the ITAT in the assessee's own case in the A.Ys 2007-08 to 2009-10 (ITA No. 1762/Hyd/2011 onwards dated 31.03.2017), wherein the Bench reiterated the stand that was taken in the assessee's own case in the earlier years. Ld. DR however submits that in 2008-2009 a different view was taken in the case of Zenith Energy Services Pvt Ltd., (supra) but the fact remains that factual matrix of the case was different from the facts with which we are concerned. Even otherwise the above said decision was rendered in 2012 wherein the view already taken by the ITAT 'B' Bench Hyderabad in 2007 was not referred to

and thus the view already taken by the Tribunal earlier, which was recently followed, should be taken as precedent more particularly when a decision was rendered by the Tribunal in the assessee's own case for the earlier year. Under these circumstances, we affirm the order of the Ld. CIT(A) and dismiss the appeal filed by the Revenue.

Pronounced in the open court on 28th February, 2018.

Sd/-
(S. RIFAUH RAHMAN)
ACCOUNTANT MEMEBER

Sd/-
(D. MANMOHAN)
VICE PRESIDENT

Hyderabad, Dated: 28th February 2018.

KRK

- 1 M/s Monster.com (India) Pvt. Ltd. # 8-2-293/82A/1204
& 1201/1, Road No. 45, Jubilee Hills, Hyderabad
- 2 DCIT, Circle-16(2), Hyderabad.
- 3 CIT(A)-4, Hyderabad.
- 4 The Pr. CIT-4, Hyderabad.
- 5 The DR, ITAT Hyderabad
- 6 Guard file