

IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD %SMC+BENCH

**Before: Shri Rajpal Yadav, Judicial Member  
And Shri Amarjit Singh, Accountant Member**

**ITA No. 988/Ahd/2012  
Assessment Year 2007-08**

Shri Pantul R. Kothari, Basement, Rushiraj Flats, Opp: Tube Company, Old Padra Road, Baroda-390001 PAN: ADEPK9912A (Appellant)	Vs	The DCIT, Circle-2(2), Baroda (Respondent)
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**Revenue by: Shri Prasoon Kabra, Sr. D.R.  
Assessee by: Shri M.K. Patel, A.R.**

Date of hearing : 27-11-2017  
Date of pronouncement : 19-12-2017

**आदेश/ORDER**

**PER : AMARJIT SINGH, ACCOUNTANT MEMBER:-**

This assessee's appeal for A.Y. 2007-08, arises from order of the CIT(A)-II, Baroda dated 24-01-2012, in proceedings under section 143(3) of the Income Tax Act, 1961; in short the Act+.

2. The assessee has raised following grounds of appeal:-

*“1. That on facts and in law, the learned CIT(A) has grievously erred in holding that the AR of assessee has agreed for addition to be made on estimate basis @ 10%.*

*2. That on facts and in law, the learned CIT(A) has grievously erred in confirming the estimated addition @10% on taxable and advertisement sales*

*3. That on facts and in law, the entire addition ought to have been deleted, as no defects are found in books of accounts of assessee.”*

3. In this case, return of income declaring income of Rs. 12,13,500/- was filed on 31<sup>st</sup> October, 2007. Subsequently, the case was selected under scrutiny by issuing of notice u/s. 143(2) of the act on 29<sup>th</sup> September, 2008. The assessee is a proprietary of M/s Integra Advertising and M/s Gift Craft. The nature of business of the assessee is advertising, designing, art work, painting, event management services etc. The assessing officer noticed that assessee has worked out net profit @ 3.37%. The assessing officer observed that on similar line of business the net profit ranges between 30 to 36%. These facts were brought to the notice of the assessee and asked for detailed justification with supporting evidences for showing net profit rate at such a lower side. It was also brought to the notice of the assessee that in the case of the other assessee Smt.Purohit H Sangeeta on the similar line of the business assessed with the assessing officer the net profit was shown at the rate of 36.80%. During the course of assessment proceedings at the time of verification of numbers of bills and vouchers assessee's authorized representative stated that after giving discount to the parties at 7.5% to 10% on bill amount the net income of around 10% to 15% are received in most of the cases. During the course of

assessment proceedings, the authorized representative has confirmed that on test check, net income is derived @10% and more in advertisement business after giving discount to the parties. Therefore, the authorized representative of the assessee was agreed before the assessing officer to adopt 10% of the net income out of the advertisement sale. Consequently, the assessing officer has computed the net profit @ 10% in the case of the assessee.

4. In the appellate proceedings, the Id. CIT(A) has sustained the computation of income @ 10% made by the assessing officer by stating that assessee was agreed for the adoption of net income @ 10% during assessment proceedings which had been re- confirmed by the assessing officer in the remand report.

5. We have heard rival contentions and perused the material on record carefully. During the course of assessment proceedings it was brought to the notice of the assessee that net profit of the assessee was on the lower side on comparing it with the net profit of the other assessee operating in the similar line of business. Thereafter, the authorized representative of the assessee has confirmed on test check that income is derived 10% and more in most of the cases in the advertisement business. At the time of verification of bills and test check, the authorized representative was agreed for the adaptation of net income @ 10%. We observed that after confronting the aforesaid material and information available with the assessing officer and on test checking the authorized

representative has agreed for net income at the @10% During the course of appellate proceedings before us, the assessee could not controvert the acceptance of 10% net income made before the assessing officer. Therefore, we do not find any error in the decision of the Id. CIT(A). Accordingly, the appeal of the assessee is dismissed.

5. In the result, the appeal of the assessee is dismissed.

Order pronounced in the open court on 19-12-2017

**Sd/-**  
**(RAJPAL YADAV)**  
**JUDICIAL MEMBER**  
**Ahmedabad : Dated 19/12/2017**

**Sd/-**  
**(AMARJIT SINGH)**  
**ACCOUNTANT MEMBER**

आदेश क०० त०ल०म अ०षत / Copy of Order Forwarded to:-

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Ahmedabad
6. Guard file.

By order/आदेश से,

उप/सहायक पंजीकार  
आयकर अपीलालय आधिकरण,  
अहमदाबाद