

आयकर अपीलिय अधिकरण, जयपुर न्यायपीठ, जयपुर
IN THE INCOME TAX APPELLATE TRIBUNAL, JAIPUR BENCHES, JAIPUR

श्री विजय पाल राव, न्यायिक सदस्य एवं श्री विक्रम सिंह यादव, लेखा सदस्य के समक्ष
BEFORE: SHRI VIJAY PAL RAO, JM & SHRI VIKRAM SINGH YADAV, AM

आयकर अपील सं./ ITA. No. 862/JP/2017
निर्धारण वर्ष/ Assessment Years : 2013-14

S.K. Industries, B-191(C) Road No. 9F, V.K.I. Area, Jaipur.	बनाम Vs.	The ITO, Ward-4(2), Jaipur.
स्थायी लेखा सं./ जीआईआर सं./ PAN/GIR No.: AAEFS 5551 Q		
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

निर्धारिती की ओर से / Assessee by : Shri C.M. Batwara (Adv.)
राजस्व की ओर से / Revenue by : Shri J.C. Kulhari (JCIT)

सुनवाई की तारीख / Date of Hearing : 10/10/2018
उदघोषणा की तारीख / Date of Pronouncement : 15/10/2018

आदेश / ORDER

PER: VIKRAM SINGH YADAV, A.M.

This is an appeal filed by the assessee against the order of Id. CIT(A), Jaipur dated 20.09.2017 for the Assessment Year 2013-14 wherein the sole ground of appeal relates to confirmation of addition of Rs. 2,00,000/- towards trading addition made by the AO and which has been sustained by the Id. CIT(A).

2. During the course of assessment proceeding, the AO from the examination of books of accounts observed that the assessee has

claimed wages of Rs. 9,20,800/- and freight & cartage inward of Rs. 37,58,355/-. The AO observed that mostly payments were made through cash without proper supporting evidence and a lump sum trading addition of Rs. 2,00,000/- was therefore made for covering any possibility of Revenue leakage and same was brought to tax in the hands of the assessee. On appeal, the Id. CIT(A) observed that the GP ratio of the assessee has come down from 2.68% to 2.14% in the current year and the assessee has not given plausible reason for such downfall in the GP, therefore, the lump sum disallowance made by the AO was found to be reasonable and confirmed by the Id. CIT(A).

3. During the course of hearing, the Id. AR has submitted that during the year under consideration, the wages, salary and carriage inwards expenses have reduced by almost 33% as the percentage of direct purchases as compared of last year. Further, the assessee has maintained complete records with supporting vouchers and it is well known trade practice that carrier agent or vehicle incharge collect cash payment at the time of unloading the vehicle and therefore, the payment to vehicle incharge was made in cash and receipt taken on the vouchers. Further, wages and salary are paid to factory employees as per their services and the necessary salary register/records have been duly maintained where receipt for salary payment is duly taken on record and all these documents were submitted before the lower authorities which have not been considered in right prespective. It was accordingly submitted that the additions have been made on purely ad hoc basis and the same may kindly be deleted.

4. The Id. DR is heard who has relied on the finding of the lower authorities.

5. We have heard the rival contentions and perused the material available on record. We find that it is clear case of adhoc addition which has been made by the Assessing Officer and further, merely a fall in GP rate cannot be the sole basis for making the adhoc disallowance in the hands of the assessee. The Assessing Officer has to highlight specific defects which have been found or investigated during the course of assessment proceeding and which have been found not in accordance with law, however, in the instant case we find that there is no such examination which has been carried out by the Assessing Officer and thus, no findings which have been recorded to that effect. Therefore, the trading addition of Rs. 2,00,000/- is purely on ad hoc basis which cannot be sustained in the eye of law hence, the same is deleted. In the result, the sole ground taken by the assessee is allowed.

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

Order pronounced in the open Court on 15/10/2018.

Sd/-

(विजय पाल राव)
(Vijay Pal Rao)

न्यायिक सदस्य / Judicial Member

Sd/-

(विक्रम सिंह यादव)
(Vikram Singh Yadav)

लेखा सदस्य / Accountant Member

जयपुर / Jaipur

दिनांक / Dated:- 15/10/2018.

*Santosh

आदेश की प्रतिलिपि अग्रेषित / Copy of the order forwarded to:

1. अपीलार्थी / The Appellant- S.K. Industries, Jaipur.
2. प्रत्यर्थी / The Respondent- ITO, Ward-4(2), Jaipur.
3. आयकर आयुक्त / CIT
4. आयकर आयुक्त / CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, जयपुर / DR, ITAT, Jaipur.
गार्ड फाईल / Guard File { ITA No. 862/JP/2017 }

आदेशानुसार / By order,

सहायक पंजीकार / Asst. Registrar