

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

BEFORE V. DURGA RAO, JUDICIAL MEMBER
AND
SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER

	ITA No. 1309/Hyd/2018		
	Assessment Year: 2015-16		
Sri Ambica Wines, Hyderabad. PAN: ACPFS 2207 Q	Vs.	Income Tax Officer, Ward-4(3), Hyderabad.	
(Appellant)		(Respondent)	
	Assessee by:	Sri T. Chaitanya Kumar	
	Revenue by:	Smt. M. Narmada, DR	
	Date of hearing:	05/03/2019	
	Date of pronouncement:	13/03/2019	

ORDER

PER V. DURGA RAO, J.M.:

This appeal filed by the assessee is directed against the order of the CIT(A)-1, Hyderabad dated 20/04/2018 for the assessment year 2015-16. The assessee has raised the following grounds of appeal:-

- "1. The order of the CIT(A) is erroneous both on facts and in law.*
- 2. The Ld. CIT(A) erred in confirming the order of the Assessing Officer in rejecting books of account u/s 145 of the Act and further erred in estimating the income @ 3% on liquor sales.*
- 3. The Ld. CIT(A) ought to have observed that the appellant not derived income as per targeted sales.*
- 4. The Ld. CIT(A) erred in not allowing Statutory deduction u/s 40(b) of the Act.*
- 5. The Ld. CIT(A) erred in not allowing statutory deduction an amount of Rs. 2,70,000/- towards remuneration to working partners and an amount of Rs. 2,70,000/- towards interest on partner's capital u/s 40(b) of the Act.*

6. *The Ld. CIT(A) erred in confirming the order of the Assessing Officer in determining the income of Rs. 20,73,326/- as against the income admitted at Rs. 78,050/-."*

2. Brief facts of the case are that the assessee, a partnership firm, deriving income from sale of Indian Made Foreign Liquor, filed its return of income declaring total income of Rs. 8,78,050/-. The case was selected for scrutiny under CASS and the assessment was completed u/s 143(3) of the Act determining the assessed income at Rs. 20,73,326/-. During the course of assessment proceedings A.O noted that the assessee is not maintaining proper books of account and after considering the assessee's reply in this regard that maintaining cash sale bills etc., is not practicable in this line of business, A.O. came to the conclusion that in the absence of sale bills, sale proceeds entered in the books are not to be relied upon as there is no documentary evidence to support the same. Accordingly, A.O. rejected the assessee's books of account and proceeded to estimate the income @ 3% of the cost of goods put to sale and made an addition of Rs. 11,95,286/-. The assessee request to allow the remuneration paid to working partner and interest on capital balances of partner was also rejected by the A.O.

3. Aggrieved, assessee preferred an appeal before the CIT(A), who confirmed the order of the A.O. and dismiss the appeal. Further aggrieved, assessee in appeal before us by raising the above mentioned grounds of appeal.

4. Before us, Learned Counsel for the Assessee reiterated the submissions made before the lower authorities.

5. On the other hand, Learned Departmental Representative relied upon the orders of the A.O. and the CIT(A).

6. We have heard both the parties and perused the material on record. We find that the A.O. while estimating the income @ 3% has genuinely considered the submissions of the assessee and taken into consideration all the expenditures incurred by the assessee. Therefore, in our view, when the income is estimated merely @ 3%, in the absence of proper books of account and documentary evidence, claim for further expenditure viz., interest on partner's capital and remuneration paid to working partner cannot be allowed. Therefore, we find no reason to interfere with the order of the CIT(A). Accordingly, grounds of appeal raised by the assessee are dismissed.

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

Pronounced in the open Court on 13th March, 2019.

Sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Sd/-
(V. DURGA RAO)
JUDICIAL MEMBER

Hyderabad, Dated:13th March, 2019

OKK

Copy to:-

1)	T. Chaitanya Kumar, Advocate, Flat No.102, Gowri Apts, Urdu Lane, Himayatnagar, Hyderabad.
2)	ITO, Ward-4(3), Hyderabad, Telangana.
3)	The CIT(A)-1, Hyderabad
4)	The Pr. CIT-1, Hyderabad
5)	The DR, ITAT, Hyderabad
6)	Guard File