

**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, BENGALURU**

**BEFORE SHRI J. SUDHAKAR REDDY, ACCOUNTANT MEMBER
AND
SMT. BEENA PILLAI, JUDICIAL MEMBER**

ITA No.918/Bang/2019
(Assessment year: 2014-15)

Shri Pampanagouda Veeranagouda Basanagoudar,
Prop. M/s. P Basanagoudar,
APMC Yard,
Haveri-581110 ... Appellant
PAN:AGZPB2787J

Vs.

Asst. Commissioner of Income-tax,
Circle 2(1),
Davangere-577002. ... Respondent

Appellant by : Shri Santosh G Magavi, CA.
Respondent by : Shri R.N.Siddappaji, Addl.CIT(DR).

Date of hearing: 17/07/2019
Date of pronouncement: 19/07/2019

O R D E R

Per J. SUDHAKAR REDDY, AM:

This is an appeal filed by the assessee against the order of the CIT(A), Davangere, dated 18/02/2019 for the assessment year 2014-15.

2. The assessee is an individual and is claimed to have earned agricultural income to the extent of Rs.24,26,000/-. The Assessing Officer observed that the assessee has declared net agricultural income of only Rs.3,70,000/- on the same quantum of holding in the earlier assessment year. He records that the assessee has not filed complete details in connection with agricultural produce and material in support of agricultural expenses incurred by him. Thus, he restricted the claim

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of the assessee of income from agricultural to Rs.5,50,000/-. The balance of Rs.18,76,000/- is treated as 'income from other sources'.

3. Aggrieved, the assessee carried matter in appeal without success. The first appellate authority recorded that the assessee has not furnished any details of expenditure which will throw light on agricultural practices to support the claim that abnormal profits are possible.

4. Before us, learned counsel for assessee submitted that details of sale of agricultural produce with evidences have been filed before lower authorities and that they ignored the same. He submitted that the following evidences have been filed:

- a. Purchase Patti issued by the Commission Agent in APMC Yard, Haveri for the purchase of Cotton from the Assessee (List and Copies of Purchase Pattis are enclosed)
- b. Details of Land Holding of the Assessee (List and Record of Rights of the Agricultural Lands are enclosed)
- c. Copy of Bank Statement of the Assessee wherein the sale proceeds of Maize of Rs.8,21,275/- is credited by the Karnataka Food and Civil Supply Corporation is enclosed.

He drew attention of the Bench to page 11 of the paper book which gives summary of the details of cotton sold and attached therewith "ROKHA PATTI" as evidences of sale from pages 13 to 30 of the paper book. At page 32 of the paper book, he gave details of agricultural land and attached copy of revenue records as annexure to the same. At page 31 of the paper book was placed a copy of the bank pass book of Corporation Bank, which is filed to demonstrate that money has come from sale of Maize, from the Karnataka Food & Civil Supplies

Corporation through bank transfer. He submits that evidences of earning such agricultural income has been furnished in full and that income from agriculture cannot be denied. On a query from the bench as to whether any evidence of expenditure incurred on cultivation was available, he submitted that the assessee did not maintain any such evidences as the assessee was only a farmer and that he did not maintain any books of account or account of expenditure.

5. The learned DR, on the other hand, submitted that the assessee has abnormally inflated the agricultural income supposed to have been received. He pointed out that in earlier assessment years, the assessee has declared agricultural income of only Rs.3,70,000/- on the same land holdings and without furnishing any details as to expenditure and the reasons for earning abnormal increase in income, he claimed Rs.24,26,000/- as agricultural income. He relied on the orders of the authorities below and submitted that such inflated claim has been rightly upheld by the CIT(A). He submitted that preponderance of probabilities are against the possibility of the assessee earning such agricultural income. He prayed that the addition be upheld.

6. After hearing rival contentions, we find that the assessee has supported the flow of income from sale of agricultural produce by way of evidences from market yard as well as from the Karnataka Food and Civil Supplies Corporation. Except for disbelieving this claim of the assessee, the Assessing Officer has not conducted any inquiry or investigation into the matter. In fact, the assessee has, from the year 2014-15 onwards, declared the following agricultural income:

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Asst. Year	Agricultural Income
2014-15	Rs. 24,26,430/-
2015-16	Rs. 22,00,629/-
2016-17	Rs. 29,82,547/-
2017-18	Rs. 29,78,791/-
2018-19	Rs. 29,53,250/-

The theory of preponderance of probabilities arise when the facts are not supported by evidence. Here the gross receipt from sale of agricultural produce is supported with evidence. This evidence has not been controverted by the Assessing Officer. We find that the assessee has not furnished any details of expenditure. The income from sale of cotton is Rs.19,65,332/- and income from sale of maize is Rs.8,21,275/-. In the absence of evidence of expenditure, we deem it fair to estimate expenditure on these crops at 30% of the total receipts. This, in our view, would meet the ends of justice. Thus, the net agricultural income is determined at Rs.19,50,625/-. The balance addition is hereby sustained. The assessee gets relief of Rs.

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

Order pronounced in the open court on 19th July, 2019.

Sd/-
(BEENA PILLAI)
JUDICIAL MEMBER

Sd/-
(J. SUDHAKAR REDDY)
ACCOUNTANT MEMBER

Place : Bengaluru
Dated : 19/07/2019
srinivasulu, sps

Copy to :

- 1 Appellant
- 2 Respondent
- 3 CIT(A)-
- 4 CIT
- 5 DR, ITAT, Bangalore.
- 6 Guard file

By order

Assistant Registrar
Income-tax Appellate Tribunal
Bangalore