

**IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ' B ' SMC Bench, Hyderabad**

Before Smt. P. Madhavi Devi, Judicial Member

ITA No.1141/Hyd/2019		
Assessment Year: 2016-17		
Smt. Pushpa Devi Rathi Hyderabad PAN:ADQPR6675M (Appellant)	Vs.	Income Tax Officer Ward 9(4) Hyderabad (Respondent)
Assessee by:	Sri S. Rama Rao	
Revenue by:	Sri Anil Sant, DR	
Date of hearing:	04/11/2019	
Date of pronouncement:	08/01/2020	

ORDER

This is assessee's appeal for the A.Y 2016-17 against the order of the CIT (A)-7, Hyderabad, dated 6.5.2019.

2. Brief facts of the case are that the assessee individual filed her return of income for the relevant A.Y on 29.09.2016 declaring total income of Rs.3,19,140/-. The case was selected for scrutiny under CASS for the reason that low income from TCS receipts has been declared and whether the income from scrap has been correctly offered to tax. Accordingly, notices u/s 143(2) and 142(1) were issued calling for relevant information. However, since none appeared for the assessee, the assessment was completed by estimating the profit from business of M/s. Balaji Coal Corporations at 3% of the total sales and also bringing the unsecured loans of Rs.5,94,641/- to tax u/s 68 of the I. T. Act. Aggrieved, the assessee preferred an appeal before the CIT (A) who confirmed the order of the AO and the assessee is in second

appeal before the Tribunal by raising the following grounds of appeal:

“1. The order of the learned CIT (A) is erroneous both on facts and in law.

2. The learned CIT (A) erred in confirming the addition of Rs.5,94,641/- made by the AO u/s 68 of the I.T. Act.

3. The learned CIT (A) erred in confirming the estimation of income at 3% of the turnover.

4. The learned CIT (A) erred in confirming levy of interest u/s 234D of Rs.15,744/-.

5. Any other ground that may be urged at the time of hearing”.

3. The ld Counsel for the assessee reiterated the submissions made before the CIT (A) while the ld DR supported the orders of the authorities below. It is seen that the assessee had filed the copies of the audited Books of Accounts before the CIT (A) to demonstrate that the net profit for the AYs 2013-14 to 2015-16 was 0.94%, 0.73% and 1.29% respectively and that the net profit offered for the relevant AY 2016-17 was @ 1.2% which is reasonable and that the rate adopted by the AO at 3% is not comparable and excessive. I find that the CIT (A) has observed that the assessee has failed to substantiate the claim and that the assessee did not furnish any details and therefore, has rejected the assessee's claim. Similarly, with regard to the increase in the unsecured loans also, the assessee had explained that the assessee has filed the details of the unsecured loans at the beginning of the year, during the year and made payment along with interest. The assessee had also claimed that it made payment of interest of Rs.14,80,862/- but the CIT (A) has not considered any of these submissions but has merely held that the same is not substantiated with any of the details. The assessee has filed the paper book before the Tribunal containing the

written submissions filed by the assessee before the CIT (A) and also IT returns for the AYs 2016-17 and the details of unsecured loans for the AYs 2015-16, 2014-15 and 2013-14. In my opinion, the CIT (A) ought to have considered and examined the information filed by the assessee. In view of the same, I deem it fit and proper to remand the issue to the file of the AO with a direction to the assessee to file all the details before the AO who shall reconsider the issue on merits after giving the assessee a fair opportunity of hearing.

4. In the result, assessee's appeal is treated as allowed for statistical purposes.

Order pronounced in the Open Court on 8th January, 2020.

Sd/-

**(P. MADHAVI DEVI)
JUDICIAL MEMBER**

Hyderabad, dated 8th January, 2020.

Vinodan/sps

Copy to:

- 1 Smt. Pushpa Devi Rathi, H. No.4-44 Vikas Nagar Colony, Dilsukhnagar, Hyderabad 500060
- 2 ITO Ward 9(4) IT Towers, AC Guards, Hyderabad
- 3 CIT (A)-7 Hyderabad
- 4 Pr. CIT – 7 Hyderabad
- 5 The DR, ITAT Hyderabad
- 6 Guard File

By Order