

आयकर अपीलीय अधिकरण, जयपुर न्यायपीठ, जयपुर
IN THE INCOME TAX APPELLATE TRIBUNAL, JAIPUR BENCHES "B", JAIPUR
श्री रमेश सी शर्मा, लेखा सदस्य एवं श्री संदीप गोसाई, न्यायिक सदस्य के समक्ष
BEFORE: SHRI RAMESH C SHARMA, AM & SHRI SANDEEP GOSAIN, JM

आयकर अपील सं./ITA No. 444/JP/2019
निर्धारण वर्ष / Assessment Year :2014-15

Smt. Kavita Gupta, 4/239, Malviya Nagar, Jaipur.	बनाम Vs.	I.T.O., Ward 6(1), Jaipur.
स्थायी लेखा सं./जीआईआर सं./PAN/GIR No.: ATZPK 3316 R		
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

निर्धारिती की ओर से / Assessee by : Shri Rajiv Sogani (CA)
राजस्व की ओर से / Revenue by : Smt. Runi Pal (DCIT)

सुनवाई की तारीख / Date of Hearing : 19/08/2020
उदघोषणा की तारीख / Date of Pronouncement : 24/08/2020

आदेश / ORDER

PER: R.C. SHARMA, A.M.

This is an appeal filed by the assessee against the order of Id. CIT(A)-2, Jaipur dated 28/01/2019 for the A.Y. 2014-15 in the matter of order passed U/s 143(3) of the Income Tax Act, 1961 (in short, the Act).

2. The hearing of the appeal was concluded through video conference in view of the prevailing situation of Covid-19 Pandemic. In this appeal, the assessee is aggrieved for upholding trading addition by estimating Net Profit (NP) at 4% by the Id. CIT(A).

3. Rival contentions have been heard and record perused. Facts in brief are that the assessee individual is a wholesaler of Edible Oil and Vanaspati Ghee. For the year under consideration the assessee filed her return of income on 29.11.2014 declaring total income of Rs. 3,96,420/-. The case of the assessee was selected for scrutiny and the assessment u/s 143(3) r.w.s. 144 of the Act was completed *vide* order dated 22.11.2016 wherein total income of Rs. 65,74,110/- was assessed. The assessee for the year under consideration declared gross profit of Rs. 10,38,822/- i.e. GP Rate of 0.79% and Net Profit of Rs. 3,96,417 i.e. NP Rate of 0.30% against a turnover of Rs. 13,14,82,105/-. The A.O. made addition after rejecting books of account U/s 145(3) of the Act and estimating N.P. @ 5%. By the impugned order, the Id. CIT(A) has given partial relief and restricted addition by estimating N.P. @ 4%, assessee is in further appeal before us.

4. We have considered the rival contentions and carefully gone through the orders of the authorities below and found from the record that the assessee is engaged in wholesale business of edible oil and vanaspati ghee. During the course of scrutiny assessment, the A.O. rejected books of account after observing that the N.P. rate declared

by the assessee was low and the assessee could not file details of expenses debited in the P&L account. Accordingly, the A.O. invoked provisions of Section 145(3) of the Act and estimated N.P. rate at 5%. By the impugned order, the Id. CIT(A) had restricted addition by estimating N.P. at 4% From the record we found that the assessee declared better GP as well as NP in the current year as compared to the preceding year in spite of extraordinary increase in the turnover. The past history of the assessee is as under:

Turnover	Gross Profit	GP%	Net Profit	NP%
57,50,855	1,82,291	3.17%	1,73,048	3.01%
4,19,77,659	3,99,065	0.95%	2,04,893	0.49%
9,30,80,760	5,86,455	0.63%	2,46,853	0.27%
13,14,82,105	10,38,821	0.79%	3,96,417	0.30%

5. We also found that the assessee declared better results, in the opinion of AO the assessee declared very low Net Profit. Therefore, after rejecting the books of account, the AO estimated NP at the rate of 5% and, accordingly, made addition of Rs. 61,77,688/-. The AO was satisfied with the declared Gross Profit and was only dissatisfied with declared Net Profit as the assessee, in the opinion of the AO, could not file details of expenses debited in P&L Account. The total expenses which were debited in P&L account were of Rs. 6,63,254 and being

dissatisfied with the correctness of the same the AO made addition of Rs. 61,77,688 by estimating Net Profit at the rate 5%. It is undisputed fact that the assessee is involved in wholesale business of Edible Oil and Vanaspati Ghee. She acts as middle man between the manufacturers and the traders. Such a business cannot yield higher margin. The reasonableness of the Net Profit declared by the assessee is also justified when compared with the Net Profit of assessee's husband who is also engaged in the same trade as a wholesaler only. In A.Y. 2013-14, i.e. in the immediately preceding year, the assessee's husband declared Net Profit Rate of 0.38%. The AO made trading addition of Rs. 1,00,000 and completed the assessment meaning thereby Net Profit Rate of 0.48% was applied.

6. Now there remains question of furnishing details of expenses. However, we found that the details of expenses were furnished but not complete. Keeping in view the nature of expenses debited and considering its reasonableness, we direct the A.O. to restrict the addition to the extent of 5% of the expenditure so claimed by the assessee. Accordingly, we modify the orders of the authorities below and restrict the addition to the extent of 5% of expenditure of Rs.

6,63,254/- claimed by the assessee in its P&L account. We direct accordingly.

7. In the result, appeal of the assessee is allowed in part.

Order pronounced in the open court on 24th August, 2020.

Sd/-
(संदीप गोसाईं)
(SANDEEP GOSAIN)
न्यायिक सदस्य / Judicial Member

Sd/-
(रमेश सी शर्मा)
(RAMESH C SHARMA)
लेखा सदस्य / Accountant Member

जयपुर / Jaipur

दिनांक / Dated:- 24th August, 2020

*Ranjan

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

1. अपीलार्थी / The Appellant- Smt. Kavita Gupta, Jaipur.
2. प्रत्यर्थी / The Respondent- The I.T.O., Ward 6(1), Jaipur.
3. आयकर आयुक्त / CIT
4. आयकर आयुक्त(अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, जयपुर / DR, ITAT, Jaipur
6. गार्ड फाईल / Guard File (ITA No. 444/JP/2019)

आदेशानुसार / By order,

सहायक पंजीकार / Asst. Registrar