

IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad SMC Bench, Hyderabad
(Through Video Conferencing)
Before Smt. P. Madhavi Devi, Judicial Member

ITA No.541/Hyd/2017		
Assessment Year: 2009-10		
Kothialaganar Venkatappachetty Chinnapan, Hyderabad PAN:ALJPK3450G (Appellant)	Vs.	Income Tax Officer Ward 8(2) Hyderabad (Respondent)
Assessee by:	Sri P. Balakrishna, Advocate	
Revenue by:	Sri A. Sitarama Rao, DR	
Date of hearing:	12/08/2021	
Date of pronouncement:	31/08/2021	

ORDER

This is assessee's appeal for the A.Y 2009-10 against the order of the CIT (A)-2, Hyderabad, dated 15/03/2016.

2. Brief facts of the case are that the assessee individual filed his return of income for the A.Y 2009-10 on 25.6.2009 by admitting a total income of Rs.2,01,520/-. During the assessment proceedings u/s 143(3) of the Act pursuant to selectin of the return of income for scrutiny under CASS, the assessee was required to furnish various details. When such details were furnished, the Assessing Officer observed that the assessee has not made any withdrawal for his personal expenses during the year and that the assessee has claimed to have paid an amount of Rs.1,83,000/- towards LIC and Rent. Therefore, he proposed to bring to tax a sum of Rs.3,03,000/- i.e. Rs.1,83,000/- + Rs.1,20,000/- (for domestic expenses) u/s 69C of the Act.

Further, he also observed that the assessee has shown sundry creditors of Rs.3.00 lakhs and therefore, the assessee was asked to furnish the creditworthiness and also identity of the person and genuineness of the transaction. In response thereof, the assessee filed his reply explaining that the assessee belongs to a joint Hindu Family having considerable agricultural income which was received on partition affected on 2.2.2021. It was submitted that the agricultural income and income from “other sources” was utilized for domestic expenditure and that the LIC and rent have been debited and shown as debtors as on 31.3.2009. As regards the sum of Rs.3.00 lakhs received from his wife Smt. Indrani, it was submitted that she is assessed to Income Tax as she is carrying on the business of retail saree sales and that during the year, the assessee’s wife had to leave for Chennai for personal reasons and hence she had surrendered the stocks to the assessee which was quantified @ Rs.3.00 lakhs which includes profit of Rs.30,000 which was offered for taxation. The Assessing Officer, however, did not accept the assessee’s contentions and brought sum of Rs.3,03,000/- amongst other additions to tax. Aggrieved, the assessee preferred an appeal before the CIT (A) who confirmed the above additions made by the Assessing Officer and the assessee is in second appeal before the Tribunal by raising the following grounds of appeal:

“Your appellant an individual, carried on business of Textiles of Surat purchasing the same on credit and selling the same on wholesale basis giving credit to the debtors, and offered net income of Rs.201520/- The AO while accepting the income returned by the appellant made following additions invoking provisions of section 68 and 69C of the I.T. Act.

*Additions U/s 69C Rs.303000/- and U/s 68
Rs.(995600+ 300000)= 1295600 totaling to
Rs.1598600/-*

And raised a huge demand of Rs668829/-including Interest U/s 234B amounting to Rs.164406/- aggrieved by the arbitrariness of the assessment, your appellant submitting the appeal.

Your appellant submits both Hon'ble CIT and learned AO failed to appreciate the fact that your appellant could earn income by purchasing on credit and selling the same on credit only. Therefore the addition by AO and confirmed by the CIT(A) is not in accordance with the principle of natural law and justice and therefore liable to be deleted.

Your appellant therefore prays for relief as prayed for to meet the ends of justice”.

3. The learned Counsel for the assessee submitted that the assessee has submitted all the details before the Assessing Officer and the CIT (A) but, they have not considered the same, He has now filed the said evidence before the Tribunal in the form of a paper book. He therefore, sought reconsideration of the same by the Assessing Officer for verification.

4. The learned DR was also heard.

5. Having regard to the rival contentions and the material on record, I find that the assessee has filed all the relevant evidence filed before the authorities below and now before the Tribunal. The documents at pages 18 to 34 are certified as filed before the Assessing Officer and the CIT (A) and the learned DR has not objected to the same. Therefore, I am of the opinion that the assessee has discharged his onus of providing the necessary information and the Assessing Officer has failed to rebut the same. Therefore, I deem it fit and proper to delete the additions.

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

Order pronounced in the Open Court on 31st August, 2021.

Sd/-

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

Hyderabad, dated 31st August, 2021.

Vinodan/sps

Copy to:

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2	Income Tax Officer Ward 8(2) Hyderabad
3	CIT (A)-2, Hyderabad
4	Pr. CIT -2, Hyderabad
5	DR, ITAT Hyderabad Benches
6	Guard File

By Order