



**IN THE INCOME TAX APPELLATE TRIBUNAL,
CUTTACK 'SMC' BENCH, CUTTACK**

BEFORE SHRI CHANDRA MOHAN GARG, JUDICIAL MEMBER

ITA No.296/CTK/2019
Assessment Year : 2017-18

Sri Rajendra Kumar Gupta, Nilia Bag, Vivekananda Marga, Dist: Balasore.	Vs.	ACIT, Central Circle-2, Bhubaneswar.
PAN/GIR No.ACXPG 1473 G		
(Appellant)	..	(Respondent)

Assessee by : Shri P.K.Mishra , AR
Revenue by : Shri J.K.Lenka, DR

Date of Hearing : 15/11/ 2019
Date of Pronouncement : 15/11/ 2019

ORDER

This is an appeal filed by the assessee against the order of the CIT(A),2, Bhubaneswar dated 11.6.2019 for the assessment year 2017-18.

2. Although the assessee has raised multiple grounds, but the sole issue involved in this appeal is that the CIT(A) is not justified in confirming the estimation of net profit @ 3% of the gross receipts.

3. Brief facts of the case are that a search and seizure action u/s.1342 of the Act was conducted various premises of M/s.

S.M.Consultants Group, wherein certain incriminating documents and books of account pertaining to the assessee were found and seized. The Assessing Officer required the assessee to produce ledger copies of expenses and other accounts such as capital account, cash account, bank book etc. However, the representative of the assessee conceded before the AO that the books of account were not available and, therefore, they could not be produced. The Assessing Officer observed that the assessee has declared the net profit of Rs.33,10,950/- on the gross receipt of Rs.15,81,96,260/- which is low as compared to similar business. As the books of accounts were produced, the Assessing Officer estimated the net profit of the assessee @ 3% at Rs.47,45,888/- and made an addition of Rs.14,34,978/-.

6. On appeal, Id CIT(A) confirmed the action of the Assessing Officer.

5. Before me, Id AR of the assessee submitted that the assessee is in the business of trading of BSNL vouchers and electronic goods and in this nature of business the net profit is very small. He submitted that in the assessment years 2015-16 and 2016-17, the net profit of the assessee was 1.4% and 1.87%. He submitted that in the present year the net profit estimated by the Assessing Officer is 3% and, therefore, he prayed that

considering the net profit shown by the assessee in the preceding two assessment years i.e. 2015-16 & 2016-17, the net profit be reduced to 1.87%.

6. On the other hand, Id D.R. relied on the order of the Id CIT(A)..

7. After considering the rival submissions and perusing the materials available on record, I find that the assessee is in business of trading of BSNL vouchers and electronic goods and there is little chance to earn net profit in higher percentage. However, considering the net profit shown by the assessee in the previous two years i.e. 2015-16 & 2016-17 being 1.4% and 1.87%, I modify the order of the Id CIT(A) and direct the Assessing Officer to estimate net profit @ 2% of the gross receipts of the assessee.

8. In the result, the appeal filed by the assessee is partly allowed.

Order pronounced on 15 /11/2019.

Sd/-
(Chandra Mohan Garg)
JUDICIAL MEMBER

Cuttack; Dated 15 /11/2019

B.K.Parida, SPS

Copy of the Order forwarded to :

1. The Appellant : Sri Rajendra Kumar
Gupta, Nilia Bag, Vivekananda Marga, Dist:
Balasore
2. The Respondent. ACIT, Central Circle-2,
Bhubaneswar
3. The CIT(A)-2, Bhubaneswar
4. Pr.CIT-2 , Bhubaneswar
5. DR, ITAT, Cuttack
6. Guard file.
//True Copy//

By order

Sr.Pvt.secretary
ITAT, Cuttack