

IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCH, 'B' PUNE

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND  
SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.346/PUN/2021

निर्धारण वर्ष / Assessment Year : 2014-15

M/s. Shrikrishna Khandsari Sugar Mills, S.No.153, Akkalkuwa Road, At Taloda, Dist. Nandurbar, Maharashtra – 425 413 PAN : AAGFS1508P	Vs.	ITO, Ward-1, Dhule
Appellant		Respondent

Assessee by Shri Sharad Shah  
Revenue by Shri M.G. Jasnani

Date of hearing 20-06-2022  
Date of pronouncement 20-06-2022

आदेश / ORDER

PER R.S. SYAL, VP :

This appeal by the assessee is directed against the order dated 19-07-2021 passed by the National Faceless Appeal Centre (NFAC), Delhi u/s.250 of the Income-tax Act, 1961 (hereinafter also called 'the Act') in relation to the assessment year 2014-15.

2. The only issue raised in this appeal is against the confirmation of disallowance of Rs.4,19,970/- made by the Assessing Officer (AO) in respect of agricultural expenses.

3. Briefly stated, the facts of the case are that the assessee has been engaged in manufacturing and trading in Khandsari sugar and jiggery and also in power generation. It continued to earn agricultural income in the year under consideration as well. The assessee declared gross agricultural receipts of Rs.47,78,862/- and agricultural expenses amounting to Rs.12,52,631/-. The Assessing Officer (AO) found the expenses to be on lower side by considering the general market trend for agricultural expenses being incurred at 35% of gross agricultural income. He, thus, enhanced the amount of agricultural expenses to Rs.16,72,601/- resulting into disallowance of Rs.4,19,970/-. The ld. CIT(A) sustained the disallowance, against which the assessee has come up in appeal before the Tribunal.

4. We have heard the rival submissions and gone through the relevant material on record. It is seen that the assessee declared gross agricultural receipts at Rs.47,78,862/- and agricultural expenses at Rs.12,52,631/-, which account for more than 26%

of the gross receipts. The assessee has furnished year-wise details of gross receipts and expenses on account of agricultural operations, that has been captured at pages 25 and 26 of the impugned order. For the immediately preceding assessment year, the expenses stood at 33.04%, whereas for the A.Y. 2012-13 the expenses were at 21.38% and for the A.Y. 2011-12 at 15.44%. The AO has simply rejected the assessee's claim of agricultural expenses being on the lower side on the basis of a yardstick of 35% being "trend of current year". It is not understandable as to where from such 'trend' came into vogue. If the percentage of agricultural expenses shown by the assessee for the year under consideration is lower than that of the immediately preceding year, it is better than that for the two years immediately prior thereto. Here is a case in which the assessee maintained complete details of agricultural expenses, which have not been faulted with by the AO. If the expenses were inadequate or wanting in any respect, the AO ought to have rejected such expenses by giving some plausible reasons, whereafter, he could have gone ahead with making a best judgment on some rational basis. Having not done so and simply making the addition on the basis of some 'trend', we

find no reason to sustain the disallowance. For the foregoing reason, we are satisfied that the authorities below were not justified in making and sustaining the addition in such an *ad hoc* manner. The same is directed to be deleted.

5. In the result, the appeal is allowed.

Order pronounced in the Open Court on 20<sup>th</sup> June, 2022.

Sd/-  
(S.S. VISWANETHRA RAVI)  
JUDICIAL MEMBER

Sd/-  
(R.S.SYAL)  
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 20<sup>th</sup> June, 2022  
सतीश

**आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order is forwarded to:**

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent
3. The NFAC, Delhi
4. The CIT concerned
5. DR, ITAT, 'B' Bench, Pune
6. गार्ड फाईल / Guard file.

**आदेशानुसार/ BY ORDER,**

**// True Copy //**

Senior Private Secretary  
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	20-06-2022	Sr.PS
2.	Draft placed before author	20-06-2022	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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