

2. At the time of hearing registry has informed that there is a delay of 45 days of the instant appeal. In this regard, an application has been filed by the assessee stating that due to illness of the director, the instant appeal could not be filed within time. Considering the same for ends of justice, we allow the delay of 45 days in filing the instant appeal.

3. At the time of hearing, none appeared on behalf of the assessee. Although the notice was issued from time to time to assessee, in this regard the notice through RPAD was also issued but no one turned up to represent the case. As such, we have no other option but to decide the case with the assistance of Id. DR.

4. The brief facts of the case are that the assessee-company filed its return of income for A.Y. 2017-18 declaring total income of Rs. 3540/-. The case of the assessee was selected for scrutiny through CASS. Accordingly, notices u/s 143(2) and 142(1) of the Act were issued which was duly served upon the assessee-company. In response to such notice, assessee-company furnished some documents online. Thereafter, no one appeared on behalf of the assessee although several notices were issued to the assessee-company ultimately, the AO on 29.11.2019, a show cause letter was issued upon the assessee fixing the case for hearing on 06.12.2019. But no one appeared in response to show cause notice ultimately the AO passed the following order:

“Till date non-compliance at the end of the assessee, hence, I have reason to believe that the assessee have nothing to explain in reply of this office show cause notice dated 29.11.2019.

As per accounts the assessee given loan/advances whose opening balance is Rs.1.65,50,000/- and closing balance is Rs.1,85,00,000/- i.e. average loan/advances is Rs.1,75,25,000/- . In absence of any clarification from the assessee in responses to this office show cause estimated profit of the assessee from the above loan/advances is taken as 10% of the loan/advances which comes to Rs.17,52,500/-. Therefore, Rs.17,52,500/- as added back to the total income of the assessee as undisclosed profit from investment.

[Addition: Rs.17,52,500/-]

Penalty proceeding u/s270A is initiated separately for under reporting of income.

Till date the assessee unable to explain why disallowance u/s.14A will not be invoked in his case. Therefore expenses of Rs.25,709/- is disallowed u/s. 14A and added back to the total income of the assessee. The calculation of which is as under:

“Now disallowance u/s.14A (read with the Rule 8D) is computed below”

<i>Total Investment as on 01.04.2016</i>	<i>Rs.11,93,50,000/-</i>
<i>Total Investment as on 31.03.2017</i>	<i>Rs.11,76,00,000/-</i>
<i>Annual average investment in shares</i>	<i>Rs.11,84,75000/-</i>
<i>1%% of annual average (Rs. 11,93,50,000/- + Rs. 11,76,00,000/-) / 2</i>	
<i>Rs.11,84,750/-</i>	
<i>Total expenses claimed by the assessee</i>	<i>Rs. 25,709/-</i>
<i>Hence disallowances u/s 14A</i>	<i>Rs. 25,709/-</i>
<i>25,709/-</i>	
<i>[Addition: Rs. 25,709/-]</i>	

Penalty proceeding u/s 270A is initiated separately for under reporting of income.

Show cause letter issued to the assessee on the following issue. "As per your accounts it appears that you have made huge transaction of unquoted shares during the year under question. But till date you have not given the details of that transaction as asked in the office notice issued u/s. 142 (1). Therefore, you are ask to show cause why percentage profit would not charged and added back to your total income. "Till date the assessee has not filed any explanation. As per account the outward share transaction of the assessee is Rs.72,50,000/- . In absence of any details of the aforesaid transaction 1% of the transaction ofRs.72,50,000/- which comes to Rs.72,500/- is add back to the total income of the assessee as undisclosed profit on share transaction.

[Addition Rs. 72,500/-]

Penalty proceeding u/s270A is initiated separately for under reporting of income.

On the basis of the above, total income of the assessee is assessed u/s 143(3) of the Income Tax Act, 1961 as under:

<i>Total Income as per return</i>	<i>Rs. 3,541/-</i>
<i>Addition on account of undisclosed interest income</i>	<i>Rs. 17,52,500/-</i>
<i>(As discussed in para-6)</i>	
<i>Addition u/s 14A as discussed above</i>	<i>Rs. 25,709/-</i>
<i>(As discussed in para-7)</i>	
<i>Addition on account of share dealing profit</i>	<i>Rs. 72,500/-</i>
<i>(As discussed in para-6)</i>	

Assessed income [u/s 143(3)]

Rs. 18,54,250/-”

5. The assessee dissatisfied with the above order filed the appeal before the ld. CIT(A), NFACT which was partly allowed.

6. Aggrieved by the said order dated 06.12.2021, the assessee is in appeal before us.

7. The sole issue in this appeal raised by the assessee is that the ld. CIT(A) erred in upholding adhoc addition of Rs. 72,500/- on share trading of Rs. 72,50,000/-, the other grounds of appeal are either general or consequential in nature. Therefore, we are going to decide the issue on the basis of material available on record. While calculating profit in share transaction, the AO noted that the appellant had undertaken transaction in shares amounting to Rs. 72,50,000/- and in absence of any details, he estimated the profit @ of 1% of the transaction and added Rs. 72,500/-. However, the appellant's argument is that the assessing officer had not brought any evidence to prove the fact that the assessee-company earned this profit. The assessee even in the course of appeal before ld. CIT(A), the appellant has not furnished any calculation with regard to profit & loss earned by the assessee in respect of the transaction in shares. Thus, the ld. CIT(A) had no other option but upholding the addition of Rs. 72,500/- made by the AO on estimated basis.

8. We after careful perusal and material available on record, the appellant undertaken transaction in shares amounting to Rs. 72,50,000/- and assessee did not furnish any calculation with regard to profit or loss earned by it either before the AO or before the ld. CIT(A) and thus ld. CIT(A) had no other alternative to uphold the addition of Rs. 72,500/-, on estimated the profit at the rate of 1% of the transaction and at the time of hearing before us also assessee did not file any calculation chart to show profit or loss earned by the assessee in respect of share transaction undertaken by assessee is less than estimated by AO and as such the material available on record it can be informed that the order passed by the ld. CIT(A) need not required to examine

further and addition made by the AO of Rs. 72,500/- on account of share transaction on estimated the profit at the rate of 1% on Rs.72,50,000/- is confirmed.

9. In the result, the appeal of the assessee is dismissed.

Order pronounced in the open court on 21.07.2022.

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(SONJOY SARMA)
JUDICIAL MEMBER

Kolkata, Dated: 21.07.2022.
Biswajit, Sr. P.S.

Copy to:

1. The Appellant: M/s. Indivar Marketing Pvt. Ltd.
2. The Respondent: ACIT, Ward-14(2), Kolkata.
3. The CIT, Concerned, Kolkata
4. The CIT (A) Concerned, Kolkata
5. The DR Concerned Bench.

//True Copy//

By Order

Assistant Registrar
ITAT, Kolkata Benches, Kolkata