

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ 'SMC' अहमदाबाद।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**"SMC" BENCH, AHMEDABAD**

**BEFORE SMT.ANNAPURNA GUPTA, ACCOUNTANT MEMBER**  
**AND**  
**SMT. MADHUMITA ROY, JUDICIAL MEMBER, JUDICIAL MEMBER**

**ITA No.152/Ahd/2019**  
**Assessment Year : 2015-16**

Chaudhari Nanubhai Jeshingbhai (HUF) PAN : AABHC 8792 E Pankaj R. Shah & Associates 7 <sup>th</sup> Floor, Regency Plaza Opp: Rahul Tower Nr. Madhur Hall Anandnagar Cross Road Satellite Ahmedabad 380 015.	Vs.	DCIT, Cir.4(2) Ahmedabad.
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<b>अपीलार्थी/ (Appellant)</b>		<b>प्रत्यर्थी/(Respondent)</b>
Assessee by :	Ms.Urvashi Shodhan, AR	
Revenue by :	Leena Lal, Sr.DR	

सुनवाई की तारीख/**Date of Hearing** : **01/07/2022**  
घोषणा की तारीख /**Date of Pronouncement**: **26/09/2022**

**आदेश/O R D E R**

**PER ANNA PURNA GUPTA, ACCOUNTANT MEMBER**

Present appeal has been filed by the assessee against order passed by the Id.Commissioner of Income-Tax(A)-4, Ahmedabad [hereinafter referred to as "Id.CIT(A)"] dated 7.12.2018 under section 250(6) of the Income Tax Act, 1961 ("the Act" for short) pertaining to Asst.Year 2015-16.

2. Sole issue in the present appeal relates to reducing agricultural income returned by the assessee by Rs.8,53,873/- on

account of expenditure claimed by the assessee against the said income found to be less to this extent..

3. We have heard both the parties. We have also gone through the orders of the authorities below. We have noted that while the assessee had shown agricultural income of Rs.29,16,286/- and claimed expenditure of Rs.3,12,641/- against the same, returning net agriculture income of Rs.26,03,645/-, the Assessing Officer (AO) held that the expenses claimed by the assessee was very low and ought to have been around 40% of the agriculture income. For this finding and estimation, he relied upon the decision of ITAT, Ahmedabad Bench in the case of Dhirubhai L. Narula & Others, ITA Nos.2190 to 2192/Ahd/2004 dated 17.04.2004 noting that it had categorically stated 40% of gross receipts being reasonable expenditure bound to happen in agricultural activities carried out in Gujarat. The Id.CIT(A), has confirmed this finding of the AO.

4. As emanates from the order of the authorities below, the assessee had stated that he was maintaining complete books of accounts, vouchers and bills with regard to his agriculture activities, and had also produced the same before the AO. He had also pointed out that all his receipts of agricultural income was by way of cheques, and he had also stated that the decision of Dhirubhai Narula (supra) was not applicable in his case for the reason that he was enjoying many benefits and facilities of subsidized electricity power, and having land watering, and that the assessee was also growing cash crops and not traditional crops and required less labour and nourishing and maintenance. He had also pointed out that considering the fact that he was maintaining of books of accounts, the decision of the ITAT Bench cited (supra) would not be

applied in his case. The Revenue authorities however rejected the assessee's books by simply noting that vouchers were not duly supported with evidence.

5. On considering the facts of the case as above, we find that entire exercise of the Revenue in estimating the agricultural expenses incurred by the assessee and thus increasing it by Rs. 8,53,873/- is purely arbitrary, adhoc and without any basis at all. The sole basis of the estimation of agricultural expenses is the decision of the coordinate bench of the ITAT in the case of Dhirubhai Narula (supra). There cannot be any generalized finding of fact by a judicial authority to be applied across board in all situations. It is appalling that all learned Revenue authorities below have understood the judgement rendered by the ITAT holding that agricultural expenses constitute 40% of the total agricultural revenue, to apply across board to all situations and all types of agricultural incomes earned, whether relating to the regular crops or cash crops, and whether the agricultural activities are carried out in different facts and circumstances. There cannot be any such blanket proposition laid down on a factual aspect. It is common sense that quantum of expenses incurred for growing different crops varies with the type of crops grown, the facilities available to the agriculturist from the state and other factors. The assessee having pointed out and explained the circumstances and factors attributable to the low expenses incurred, and having also produced books of accounts to substantiate its claim, and the Revenue rejecting the books by a mere general statement that the vouchers were not supported with evidence., we hold that the rejection of the books of accounts maintained by the assessee and his explanation for claim of expenses is highly unjustified so also the application of a

factual proposition laid down by the ITAT, that too without considering the distinction pointed out by the assessee in the facts of his case with that in the case before the ITAT.

6. In view of the above discussion, the reduction of agriculture income to the extent of the impugned expenditure estimated of Rs.8,53,873/- is deleted.

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

**Order pronounced in the Court on 26<sup>TH</sup> September, 2022 at Ahmedabad.**

*Sd/-*

**(MADHUMITA ROY)  
JUDICIAL MEMBER**

*Sd/-*

**(ANNAPURNA GUPTA)  
ACCOUNTANT MEMBER**