

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में
IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "A", HYDERABAD

BEFORE
SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
&
SHRI K.NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / ITA No. 666/Hyd/2023
(निर्धारण वर्ष / Assessment Year: 2017-18)

Konapati Venkatesulu Naidu, Vs. Asst. Commissioner of
Chittoor Income Tax,
[PAN No. AIMPV2176N] Circle-1(1),
Tirupati

अपीलार्थी / Appellant

प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri K.A. Sai Prasad, AR
राजस्व द्वारा/Revenue by: Shri Shakeer Ahamed, DR

सुनवाई की तारीख/Date of hearing: 07/02/2024
घोषणा की तारीख/Pronouncement on: 09/02/2024

आदेश / ORDER

PER K. NARASIMHA CHARY, J.M:

Aggrieved by the order dated 22/09/2023 passed by the learned Commissioner of Income Tax (Appeals)- National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), in the case of Konapati Venkatesulu Naidu ("the assessee") for the assessment year 2017-18, assessee preferred this appeal.

2. Brief facts of the case are that assessee is an Individual. He filed return of income for the assessment year 2017-18 on 07/04/2018 declaring total income of Rs. 17,20,190/-. The case was selected for complete scrutiny under CASS for reason "Cash Deposit (Demonetisation)". Learned Assessing Officer, by order dated 07/12/2019 under section 143(3) of the Income Tax Act, 1961 ('the Act') determined the total income at Rs.66,84,483/-, by making additions of Rs.44,87,000/- on account of unexplained money under section 69A of the Act, and Rs.4,77,293/- on account of short computation of Net Profit.

3. Aggrieved, assessee preferred appeal before the learned CIT(A). by order dated 22/09/2023, learned CIT(A) granted relief to the assessee in part and sustained the addition only to the extent of Rs. 7.72 lakhs. In respect of the addition of Rs. 4,77,293/-, on estimation of 5% of stock put to use by the assessee, learned CIT(A) sustained the same, holding that it is reasonable. Hence, this appeal.

4. Insofar as the first addition of Rs. 44,87,000/- is concerned, the amounts deposited during demonetization, assessee produced a certificate issued by the State Bank of India to the effect that the amount deposited by way of specified bank notes was only Rs. 7.72 lakhs. Learned CIT(A) seems to have believed that other deposits need not be suspected and directed the learned Assessing Officer to delete the same, while sustaining the deposit of Rs. 7.72 lakhs in specified bank notes. Though the learned AR argued that there is possibility of specified bank notes in the opening balance as on 10/11/2016, there is no such plea appear to have taken earlier nor any evidence is produced in the shape of cash book

etc. We, therefore, do not find any reason to take a different view and, therefore, decline to interfere with the findings of the learned CIT(A).

5. Coming to the estimate of net profit at 5% on the stock put to use by the assessee, learned AR placed reliance on the view taken by the Co-ordinate Bench of the Tribunal in the case of Sai Venkateswara Wines vs. ITO in ITA No. 1198/Hyd/2015 by order dated 20/11/2015 and submitted that this view is consistently followed by the Co-ordinate Benches of the Tribunal thereafter. He accordingly prayed that the net profit may be estimated at 3% consistent with the view taken by the Co-ordinate Benches of the Tribunal.

6. There is no contradiction of the statement made by the learned AR that the Co-ordinate Benches of the Tribunal are taking a view on net profit from liquor business and estimating it at 3% consistently. Respectfully following the same, we direct the learned Assessing Officer to estimate the net profit at 3% on the stock put to use by the assessee. Grounds are accordingly allowed in part.

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

Order pronounced in the open court on this the 9th day of February, 2024.

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Hyderabad,
Dated: 09/02/2024

TNMM

Sd/-
(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Copy forwarded to:

1. Konapati Venkatesulu Naidu, C/o. Katrapati & Associates,
1-1-298/2/B/3, Sowbhagya Avenue Apartment, 1st Floor, Street No. 1,
Ashok Nagar, Hyderabad.
2. Asst. Commissioner of Income Tax, Circle-1(1), Tirupati.
3. Pr.CIT-
4. DR, ITAT, Hyderabad.
5. GUARD FILE

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ASSISTANT REGISTRAR
ITAT, HYDERABAD