

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

BEFORE SHRI K. NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / ITA No. 367/Hyd/2024
(निर्धारण वर्ष / Assessment Year: 2017-18)

Venugopal Sarda, Hyderabad [PAN No. AUXPS8235N]	Vs. Income Tax Officer, Ward-9(3), Hyderabad
अपीलार्थी / Appellant	प्रत्यर्थी / Respondent

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

सुनवाई की तारीख/Date of hearing: 09/05/2024
घोषणा की तारीख/Pronouncement on: 15/05/2024

आदेश / ORDER

Aggrieved by the order dated 12/02/2024 passed by the learned Addl/JCIT(A)-Udaipur ("Ld. CIT(A)"), in the case of Venugopal Sarda ("the assessee") for the assessment year 2017-18, assessee preferred this appeal.

2. Brief facts of the case are that the assessee is the proprietor of M/s. Sarda & Co. He filed the return of income for the assessment year 2017-18 on 06/10/2017, declaring an income of Rs.3,74,760/-. During the course of assessment, learned Assessing Officer noticed that there are certain deposits into the bank account of the assessee and those deposits constitute receipts from regular business transactions. Learned Assessing Officer not satisfied with the details filed by the assessee as to the net profit and income and made estimation of net profit at 10% on the gross receipts of Rs.1,43,11,623/- amounting to Rs.14,31,162/-. Learned

Assessing Officer, however, did not doubt the genuineness of sources for credits in Bank account.

3. Aggrieved by the above estimation of net profit at Rs. 14,31,162/-, the assessee preferred appeal before the learned CIT(A). Learned CIT(A), observing that the assessee failed to prove the source of cash deposits and that such deposits are only from the business, confirmed the addition. Hence, this appeal.

4. Learned AR submitted that the reason for selecting the case for scrutiny was to verify the large cash deposits in the bank during the year and having satisfied with the source only the learned Assessing Officer resorted to estimate of the net profit. His submission is that having regard to the line of business of the assessee, 10% is too high and in the same business, the net profit of one Mr. Jai Singh of Miyapur at 0.5% and 0.57% was accepted for the assessment years 2015-16 and 2016-17 by orders dated 28/03/2024 for both the years by the Revenue. Learned AR, therefore, prayed that the rate of net profit as estimated by the learned Assessing Officer may be scaled down and it may be accepted at 5%.

5. Per contra, learned DR submitted that the assessee himself had shown the net profit at 8% of the turnover for the assessment year 2015-16 and 2016-17, though it was shown at 3% and 1.8% for the assessment year 2017-18 and 2018-19 and, therefore, there is no reason to interfere with the estimate made by the learned Assessing Officer and confirmed by the learned CIT(A).

6. I have gone through the record in the light of the submissions made on either side. Assessee does not challenge the estimate of net profit by the learned Assessing Officer, but his only grievance is in respect of the rate at which the same is estimated. There is also no dispute that in the case of Mr. Jai Singh, in the same line of business, net profit at 0.5% and

0.57% was accepted by the Revenue for the assessment year 2015-16 and 2016-17 by orders dated 28/03/2024. However, at the same time, the net profit declared by the assessee for the assessment years 2015-16 and 2016-17 was Rs. 4.69 lakhs and Rs. 4.66 lakhs as against the sales of Rs. 58.6 lakhs and Rs. 58.28 lakhs, roughly constituting 8%, though it was Rs. 5.16 lakhs and Rs. 5.58 lakhs against the sales of Rs. 1.43 crores and Rs. 3.03 crores respectively for the assessment years 2017-18 and 2018-19.

7. Be that as it may, these figures establish that at no point of time, the net profit from the line of business of the assessee is as high as 10%. The accepted figures show that it is from 0.5% to 8%. In these circumstances, I am of the considered opinion that estimate of net profit at 10% is too high and on the face of the figures disclosed by the assessee, net profit at 0.5% is too low. Taking a pragmatic view, I consider the net profit at 5% is reasonable and will meet the ends of justice and, therefore, I accept the contention raised by the learned AR. learned Assessing Officer is accordingly directed to estimate the net profit at 5% of the total sales.

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

Order pronounced in the open court on this the 15th day of May, 2024.

Sd/-
(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad,
Dated: 15/05/2024

TNMM

Copy forwarded to:

1. Venugopal Sarda, C/o. Katrapati & Associates, 1-1-298/2/B/3, Sowbhagya Avenue Apts., 1st Floor, Ashok Nagar, Street No. 1, Hyderabad.
2. Income Tax Officer, Ward-9(3), Hyderabad.
3. Pr.CIT, Hyderabad.
4. DR, ITAT, Hyderabad.
5. GUARD FILE.

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