

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
IN THE INCOME-TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI  
श्री एसएस विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष  
Before Shri S.S. Viswanethra Ravi, Judicial Member &  
Shri Amitabh Shukla, Accountant Member

आयकर अपील सं./I.T.A. No.346/Chny/2024  
निर्धारण वर्ष/Assessment Year: 2017-18

Subbiah Chandramohan,  
TS No. 4283, East 2<sup>nd</sup> Street,  
Muthamal Apartment, Pudukkottai,  
Pudukkottai 622 001.

Vs. The Income Tax Officer,  
Ward 1,  
Pudukkottai.

**[PAN: AGEPC9323N]**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri R. Subramanian, CA  
प्रत्यर्थी की ओर से/Respondent by : Shri AR V Sreenivasan, Addl. CIT  
सुनवाई की तारीख/ Date of hearing : 04.06.2024  
घोषणा की तारीख /Date of Pronouncement : 05.06.2024

**आदेश /O R D E R**

**PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:**

This appeal filed by the assessee is directed against the order dated 27.12.2023 passed by the Id. CIT(A) [NFAC], Delhi for the assessment year 2017-18.

2. The assessee raised 3 grounds of appeal amongst which the only issue emanates for our consideration is whether the Id. CIT(A) was justified in confirming the addition made by the Assessing Officer on estimating net profit at 8% of the turnover.

3. We note that the Assessing Officer found cash deposit in the bank account of the assessee which are reproduced in page 1 and 2 of the assessment order. The assessee submitted that the said cash deposits were made out of business receipts. According to the Assessing Officer, the total credit in the bank account of the assessee is at ₹.1,12,10,293/- and the cash deposits during the demonetization period is at ₹.28,59,200/-. Further, observed total amount of cash deposited in Specified Bank Notes [SBNs] is to an extent of ₹.14,90,000/-. It was submitted that the assessee is in the retail business of milk supply and the said deposits were out of daily business receipts. The Assessing Officer estimated net income at ₹.13,25,183/- being 8% of total turnover of ₹.1,65,64,795/-. Apart from that, the Assessing Officer also added separately the SBNs to an extent of ₹.17,93,800/- totalling to ₹.31,18,983/-.

3. The Id. AR Shri R. Subramanian, CA contended that having adopted the estimation of income at 8% of the total turnover, the Assessing Officer cannot make another addition on account of cash deposit containing SBNs. We find force in the argument of the Id. AR that all cash deposits are related to business of the assessee and the Assessing Officer found cash deposits of all denomination apart from

SBNs. When the Assessing Officer adopted 8% of the total turnover as income of the assessee, he cannot make another addition on account of SBNs. We note that the Id. CIT(A) confirmed the same, which is in our opinion, is not justified. It was submitted by the Id. AR that the assessee's net profit ratio is around 2% to 3% and accordingly prayed to restrict the same. Under the above facts and circumstances, we direct the Assessing Officer to adopt 4% of total turnover i.e., ₹.1,65,64,795/- plus ₹.17,93,800/- and determine the net profit on the same. Thus, the ground raised by the assessee is partly allowed to extent stated hereinabove.

4. In the result, the appeal filed by the assessee is partly allowed.

Order pronounced on 05<sup>th</sup> June, 2024 at Chennai.

Sd/-  
(AMITABH SHUKLA)  
ACCOUNTANT MEMBER

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

Chennai, Dated, 05.06.2024

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant,
2. प्रत्यर्थी/ Respondent,
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR &
5. गार्ड फाईल/GF.