

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
'B' BENCH, CHENNAI

श्री महावीर सिंह, उपाध्यक्ष एवं श्री एस.आर. रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND**  
**SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./**ITA Nos.:689, 690, 691, 692, 693 & 694/CHNY/2024**  
निर्धारण वर्ष /Assessment Years: 2011-12, 2012-13, 2013-14, 2014-15,  
2015-16 & 2016-17

**Shri Seerangan Devaraj,**  
2-200-A3,  
Prop. DR. Trading Company,  
Sithar Kovil Main Road,  
Sivathapuram,  
Salem – 636 307.

**The Deputy Commissioner**  
**of Income Tax,**  
Central Circle,  
Salem.

**PAN: AGMPD 7964J**

(अपीलार्थी/Appellant)

(Respondent)

&

आयकर अपील सं./**ITA Nos.:620 & 621/CHNY/2024**

निर्धारण वर्ष /Assessment Years: 2014-15 & 2015-16

**The Deputy Commissioner**  
**of Income Tax,**  
Central Circle,  
Salem.

**Shri Seerangan Devaraj,**  
2-200-A3,  
Prop. DR. Trading Company,  
Sithar Kovil Main Road,  
Sivathapuram,  
Salem – 636 307.

**PAN: AGMPD 7964J**

(अपीलार्थी/Appellant)

(Respondent)

&

आयकर अपील सं./**ITA No.:696/CHNY/2024**

निर्धारण वर्ष /Assessment Year: 2014-15

**Smt. Devaraj Ellammal,**  
2-200-A3,  
Sithar Kovil Main Road,  
Sivathapuram,  
Salem – 636 307.

**The Income Tax Officer,**  
Ward 1(6),  
Salem.

**PAN: AAFPE 5631G**

(अपीलार्थी/Appellant)

(Respondent)

निर्धारिती की ओर से/Assessee by : Shri S. Sridhar (Erode), Advocate  
राजस्व की ओर से /Revenue by : Shri N. Sanjay Gandhi, JCIT

सुनवाई की तारीख/Date of Hearing : 23.07.2024  
घोषणा की तारीख/Date of Pronouncement : 26.07.2024

### आदेश /ORDER

#### **PER MAHAVIR SINGH, VICE PRESIDENT:**

These four appeals by the assessee, Shri Seeranga Devaraj in ITA Nos.689 to 692/CHNY/2024 for the assessment years 2011-12 to 2013-14 and four cross appeals by the assessee & Revenue in ITA Nos.693, 694, 620 & 621/CHNY/2024 for the assessment years 2014-15 & 2015-16 are arising out of the different orders of Commissioner of Income Tax (Appeals), Chennai-20 in Order Nos.ITBA/APL/S/250/2023-24/1059670020 (1), 1059670179(1), 1059670437(1), 1059670759(1), 1059670759 (1) & 1059671324 (1) of even date 12.01.2024. The impugned assessments were framed by the Income Tax Officer, Ward-2(1), Salem u/s.144 r.w.s. 147 of the Income-tax Act, 1961 (hereinafter the 'Act') vide orders dated 03.12.2018 / 30.12.2019. The appeal by the assessee, Smt. Devaraj Ellamal in ITA Nos.696/CHNY/2024 is arising out of the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi in Order Nos.ITBA/NFAC/S/250/2023-24/1059259619 (1) dated 01.01.2024. The assessment

was framed by the Income Tax Officer, Ward-1(6), Salem for assessment year 2014-15 u/s.144 r.w.s. 147 of the Income-tax Act, 1961 (hereinafter the 'Act') vide order dated 30.12.2019. The issue involved in all these appeals of two different assesseees is common and hence, by way of this common order, these appeals are being disposed off.

2. At the outset, it is noticed that the appeals filed by both the assesseees in ITA Nos.689 to 694 & 696/CHNY/2024 are barred by limitation by 3 days and the assesseees have filed condonation petition for condoning the delay of 3 days. It is noticed from Form 36 that all the orders of CIT(A) dated 12.01.2024 were received by the assesseees on 12.01.2024 itself but appeals were actually filed on 15.03.2024 with a delay of 3 days. The assesseees have filed petitions for condonation of delay stating the following reason in its affidavit:-

*“Since I received a total of six orders from the First Appellate Authority on the same day i.e., 12.01.2024, I was struggling to gather all the necessary documents for filing the present appeals and also for paying appeal fees for all the years involved at a stroke. There was also a change in my Authorised Representative. Hence I could not file the appeal within the time stipulated under the Act.”*

As the delay is small just of 3 days and the cause seems reasonable, which was not contested by Revenue, we condone the delay and admit the appeals for adjudication.

**Assessee's Appeals in ITA Nos.689 to 694 & 696/CHNY/2024**

3. The first common issue in all these seven appeals of two different assessees is as regards to reopening of assessment. At the outset, the Id.counsel for the assessee stated that, he is not pressing this ground raised on reopening of assessment and hence, the same is dismissed as 'not pressed'.

4. The next common issue on merits in all these seven appeals of two different assessees is as regards to the orders of CIT(A) confirming the action of the AO in sustaining the estimated addition of profit rate @ 8% estimated by AO.

5. Briefly stated facts are that this issue of estimation of income is in ITA Nos.689 to 694/CHNY/2024 (Seerangan Devarajan) & ITA No.696/CHNY/2024 (Devaraj Ellamal) for the assessment years 2011-12 to 2016-17. Hence, we will take the facts from ITA No.689/CHNY/2024 for assessment year 2011-12 in the case of Seerangan Devaraj. As the facts and circumstances are exactly identical and nature of business is also same being trading in fire woods and hence, this decision will apply for all the assessment years.

6. The facts relating to the present assessee are that the assessee is a proprietor of M/s. D.R. Trading Company engaged in the business of fire woods. The assessee filed his return of income for the assessment year 2011-12 on 12.12.2011 admitting total income of Rs.3,34,580/- and agricultural income at Rs.1,54,650/-. A survey u/s.133A of the Act was conducted on the assessee's group of cases on 07.02.2018 and certain documents were impounded. The survey party noted that the assessee is not maintaining any books of accounts despite engaged in the business of purchase and sale of fire woods and assessee has shown total turnover of fire wood sales at Rs.55,44,127/- and hence, the AO estimated profit rate @8% and made addition of profit of Rs.4,43,530/-. Similarly [only in this case], the addition in respect of JCB hire charges was estimated at 20% of gross receipt of Rs.26,73,175/- thereby estimated the income at Rs.5,34,635/-. Accordingly, the AO added a sum of Rs.9,78,165/- and after reducing the income already disclosed in the return of income at Rs.3,66,161/- added the profit arising out of sale of fire woods and JCB hire charges at Rs.6,12,004/-. Aggrieved, assessee preferred appeal before CIT(A).

6.1 The CIT(A) further reproducing substantially from the assessment order confirmed the estimation of profit rate at 8% in respect of sale of fire woods but restricted the profit rate adopted by AO on account of JCB charges at 8% as against adopted by AO at 20% by observing in para 7.4.5 & 7.4.6 as under:-

*“7.4.5 It is noticed that the appellant has failed to maintain books of accounts and produce the same before AO for verification. Hon’ble courts have held that when appellant fails to furnish books of accounts, the AO can resort to rejection of books of accounts and estimation of Income. As far as income from trading of firewood is concerned, the AO has adopted profit percentage suggested by provisions of section 44AD which is found reasonable. Hence confirmed estimation of income at Rs.4,43,530/-.*

*7.4.6 The AO has not given any rationale for adopting 20% as profit percentage wrt JCB hire charges contrary to 8% adopted for subsequent years as per section 44AD. Hence it is considered reasonable to adopt 8% even wrt JCB hire charges received Rs 26,73,175/- which works out to Rs 2,13,854/-. Therefore, AO is directed to sustain addition to the extent of Rs.2,13,854/-. Thus AO is directed to delete balance addition Rs.3,20,781/- (Rs.5,34,635 (-) Rs.2,13,854) out of total addition of Rs.6,12,004 towards ‘Business Income’. Consequently, ground of appeal no.4 is Partly Allowed.”*

Accordingly, the CIT(A) partly-allowed the issue in regard to JCB hire charges, for which assessee is not in appeal nor Revenue is in appeal. Aggrieved against upholding the estimation of profit rate on fire woods at 8%, assessee preferred appeal before Tribunal.

7. Before us, the Id.counsel for the assessee filed a comparative charge of net profit earned by another assessee in the fire wood business for estimation of profit rate at a lower rate. The assessee filed a letter and the relevant text of the letter reads as under:-

*“Written Submissions for C-Estimation of income*

*While the estimation of income at 8% by the Assessing Officer in respect of the business in firewood is excessive and without basis and any comparable data.*

*The Appellant submits hereunder the net profit details of Sri K. Thangaraj – PAN ABSPT0240L – doing business in firewood like the Appellant for the AYs from 2011-12 to 2019-20.*

<i>Asst. Years</i>	<i>Turnover (Rs.)</i>	<i>Net Profit (%)</i>
<i>2011-12</i>	<i>5,23,62,016/-</i>	<i>2.19</i>
<i>2012-13</i>	<i>5,69,81,231/-</i>	<i>2.07</i>
<i>2013-14</i>	<i>5,47,36,279/-</i>	<i>1.97</i>
<i>2014-15</i>	<i>8,94,18,523/-</i>	<i>1.27</i>
<i>2015-16</i>	<i>13,68,46,010/-</i>	<i>1.23</i>
<i>2016-17</i>	<i>11,73,25,235/-</i>	<i>1.58</i>
<i>2017-18</i>	<i>10,82,89,865/-</i>	<i>2.20</i>
<i>2018-19</i>	<i>11,35,89,485/-</i>	<i>1.26</i>
<i>2019-20</i>	<i>10,80,45,002/-</i>	<i>2.06</i>

*Thus the estimation at 8% by the Assessing Officer and that confirmed by the First Appellate Authority requires modification considering the above.*

8. When this was confronted to Id. Senior DR, he argued that the AO has adopted very reasonable rate rather it is less and it should be enhanced to 10% or 12%.

9. We have heard rival contentions and gone through facts and circumstances of the case. We noted that in earlier years also, the assessee consistently declaring profit rate at 1% to 2% and in similar case of another assessee Shri K. Thangaraj, the profit rate varies from 2.00 to 1.23. Admittedly, the assessee has not maintained any books of accounts. Even it was argued before us, only plea of the Id.counsel for the assessee was that a reasonable estimate be made. After hearing both the sides and going through the facts in entirety, we are of the view that the profit rate of 4% will meet the ends of justice in the nature of business of the assessee. Hence, we direct the AO to adopt profit rate at 4% and accordingly, re-compute the income. This decision will apply for other appeals of assesseees in ITA Nos.690 to 694 & 696/CHNY/2024. Accordingly, this issue raised by the assesseees in ITA Nos.689 to 694 & 696/CHNY/2024 is allowed partly.

#### **ITA No.689/CHNY/2024**

10. The next two interconnected issues raised by assessee in assessment year 2011-12 are as regards to partly allowing the appeal with respect to credit balance and erred in not considering the grounds raised and written submissions filed.

11. The Id.counsel for the assessee drew our attention to the assessment order and stated that the AO has made addition towards unexplained credit in capital account amounting to Rs.49,75,944/- and also added addition towards investment made in property of Rs.51,00,000/-. The Id.counsel for the assessee stated that the assessee in the original return of income filed with the Income-tax Department, the opening capital was shown at Rs.45,99,485/- but in the return filed in response to notice u/s.148 of the Act, the opening capital was reflected at Rs.95,75,429/- and there was no explanation for the same and hence, the AO added the difference of Rs.49,75,944/- and added to the returned income as unexplained credit in capital account. The AO also added the investment made in purchase of property, as per document impounded during survey vide No.MGK/DRTC/B&D/IMP-1/SI.No.1, purchased a property through GP No.375/2010 dated 16.07.2010 from 28 persons for a sum of Rs.51,00,000/- and this property has not been disclosed in the return of income filed for assessment year 2011-12 nor investment shown. Even now the assessee could not explain the sources. But the Id.counsel for the assessee made statement that these two additions cannot be made being unexplained credit in the capital account amounting to

Rs.49,75,944/- as well as addition towards investment in property of Rs.51,00,000/-, only one addition has to be made.

12. When this was confronted, the Id.Senior DR fairly agreed that only one addition has to be made in view of the balancing figure in the balance sheet. Hence, higher of the amount being addition towards investment made in property of Rs.51,00,000/- is to be sustained. Hence, we sustain the addition made towards investment in property of Rs.51,00,000/- and delete the addition made towards unexplained credit in capital account at Rs.49,75,944/-.

13. The assessee made another plea during the course of hearing that the addition made by AO of estimated profit of Rs.6,12,004/- being 8% of profit on fire woods and 8% of income on JCB hire charges be set off against the investment sustained by the Tribunal of Rs.51,00,000/- being investment in property. When this was confronted to Id. Senior DR, he could not counter the argument of Id.counsel. Hence, we direct the AO to reduce this amount of Rs.6,12,004/- being addition of profit being available for making investment in property. The AO is directed accordingly. Therefore,

these common grounds are partly-allowed. The AO will re-compute the income accordingly.

#### **ITA No.690/CHNY/2024**

14. The next issue in this appeal of assessee is as regards to the addition of long term capital gain of Rs.6,47,891/-. This issue was not argued by Id.counsel for the assessee and hence, the same is dismissed as 'not-pressed'.

#### **ITA No.691/CHNY/2024**

15. The next issue in this appeal of assessee is as regards to the order of CIT(A) sustaining the addition made by the AO on account of difference in sundry creditors at Rs.55,41,300/-.

16. The brief facts relating to this issue are that the assessee filed details in the return of income filed on 29.07.2013 in regard to sundry creditors to the tune of Rs.55,41,300/-. The assessee is doing finance business in the name and style of M/s. D.R. Finance. As per the balance sheet originally filed by the assessee as on 31.03.2013, the debtors are to the tune of Rs.1,66,40,097/- but the AO noted that the assessee has shown creditors in its balance sheet filed along with the return filed on 29.07.2013 amounting to

Rs.55,41,300/-. This was not treated as genuine creditors and hence, added as unexplained creditors as the assessee failed to furnish details or failed to prove the genuineness of creditors. Aggrieved, assessee preferred appeal before CIT(A).

16.1 The assessee before CIT(A) filed details of sundry creditors and sundry debtors as under:-

A.Y	Type of Return	Sundry Creditors	Sundry Debtors
2013-14	Original	55,41,300/-	1,66,40,097
	Filed u/s 148	38,67,225/-	1,04,05,000/-
	Difference	16,74,075/-	61,90,097/-

The CIT(A) after considering all these details restricted the addition of sundry creditors to the extent of Rs.16,74,075/- by observing in para 7.4.8 as under:-

“7.4.8 In view of above, I am of considered opinion that it would be reasonable to confirm addition only to extent of sundry creditors Rs.38,67,225/- appearing as per return u/s 148 which could not be proved by appellant by filing relevant evidences. The AO is directed to delete balance addition of Rs.16,74,075/- (Rs.55,41,300 (-) Rs.38,67,225). Consequently, ground of appeal no.7 is Partly Allowed.

Aggrieved, now assessee is in appeal before us.

17. Now before us, the Id.counsel for the assessee only made submission that the addition sustained on account of estimation of

profit rate be set off against the sundry creditors as the same income is routed through these creditors. When this was pointed out to Id.Senior DR, he contested the claim of assessee and stated that there is no provision which can allow set off of profit as sundry creditors.

18. After hearing rival contentions, we are of the view that in case, these sundry creditors are business creditors these has to be allowed or set-off against the estimated profit added by AO. Hence, we direct the AO to allow this unexplained credit of Rs.16,74,075/-. Apparently, it seems that these are business creditors as arising out of the balance sheet of the assessee's finance business. Hence, this issue of assessee's appeal is partly-allowed.

#### **ITA No.692/CHNY/2024**

19. The next three common issues in this appeal of assessee is as regards to the addition made by AO and confirmed by CIT(A) on account of investment in dal business of Rs.46,50,000/-, addition of sundry creditors sustained by CIT(A) at Rs.30,02,682/- and addition sustained by CIT(A) of Rs.1,00,000/- being investment in M/s. Vetrivelan Finance. For this, assessee has raised the following grounds Nos. 4 to 6:-

*“4. The First Appellate Authority erred in sustaining of Rs.46,50,000/-, being investment in Dhal business, without considering the submission of the appellant in proper perspective.*

*5. The First Appellate Authority erred in partly sustaining the addition made on account of difference in sundry creditors, which is not permissible when income from business itself was determined on estimate basis.*

*6. The First Appellate Authority erred in sustaining of Rs.1,00,000/- being investment in M/s. Vetrivelan Finance, without considering the submission of the appellant in proper perspective.”*

20. The Id.counsel for the assessee only made submission that against these three additions i.e., of Rs.46.50 lakhs being investment in dhal business, addition of difference in sundry creditors sustained by CIT(A) at Rs.30,02,682/- and addition of investment in business of Rs.1,00,000/-, the estimated profit by the AO from the business income of the assessee be allowed credit and be set off against the same.

21. After hearing both the sides and going through the facts of the case, we noted that the sundry creditors appearing in the business of the assessee and even the investment made in dhal business and investment in M/s. Vetrivelan Finance is a business investment and is arising out of the business of the assessee. We are of the view that these additions should be set off against the profit arising out of the business income. In case, these additions exceed the profit

then to that extent, the AO will retain the addition. In term of the above, these three issues of assessee's appeal are partly-allowed.

### **Revenue's Appeal in ITA No.620/CHNY/2024**

22. The only issue in this appeal of Revenue is as regards to the order of CIT(A) deleting the addition made towards sundry creditors of Rs.4,43,86,848/-. For this, Revenue has raised various grounds which are argumentative and factual and hence, need not be reproduced.

23. We have heard rival contentions and gone through facts and circumstances of the case. Brief facts are that the AO has made addition towards unproved sundry creditors of Rs.4,73,89,530/- as assessee could not furnish the details of sundry creditors. The CIT(A) examined the creditors by comparing the return filed originally and return filed in response to notice u/s.148 of the Act and noted as under:-

<i>A.Y</i>	<i>Type of Return</i>	<i>Sundry Creditors</i>	<i>Sundry Debtors</i>
2014-15	<i>Original</i>	4,73,89,530/-	6,43,24,416/-
	<i>Filed u/s 148</i>	30,02,682/-	1,25,50,000/-
	<i>Difference</i>	4,43,86,848/-	5,17,74,416/-

The CIT(A) noted that only actual creditors of Rs.30,02,682/- are there. This was noticed during the survey conducted by Revenue.

This fact is noted by CIT(A) in para 7.7.7 & 7.7.8 as under:-

*“7.7.7 It is noticed that the appellant failed to furnish the details of sundry creditors such as names and addresses, amounts due to each creditor either during the survey or assessment proceedings or appeal proceedings as far as ‘Sundry Creditors Rs.30,02,682/- admitted in return filed u/s148. Contrary to claim of appellant that he has admitted ‘Nil’ Sundry creditors in return filed u/s 148, he has admitted Rs.30,02,682/- on account of outstanding sundry creditors. Therefore, as held by Hon’ble courts, the amount can be added u/s 68 rws 69C. Hon’ble Karnataka High court in Sri P.M. Abdulla vs. ITO, ITA Nos.719/2009 & 803/2009 has held that credit purchases are nothing but expenditure if sundry creditors are not proved by the assessee, addition can be done by the assessing officer by resorting to section 69C.*

*7.7.8 In view of the above, I am of considered opinion that it would be reasonable to confirm addition only to extent of sundry creditors Rs.30,02,682/- appearing as per return u/s 148 which could not be proved by appellant by filing relevant evidences. The AO is directed to delete balance addition of Rs.4,43,86,848/- (Rs.4,73,89,530 (-) Rs 30,02,682). Consequently, ground of appeal no.7 is Partly Allowed.”*

In view of the above, the CIT(A) restricted the addition only to the extent of Rs.30,02,682/- and deleted the balance addition because there is no sundry creditor available as per survey report of the Department. Hence, we find no reason to interfere with the order of CIT(A) deleting the addition of Rs.4,43,86,848/- and the appeal of the Revenue is dismissed.

**ITA Nos.621 & 693/CHNY/2024, AY 2015-16**

24. The next issue in Revenue's appeal in ITA No.621/CHNY/2024 and assessee's appeal in ITA No.693/CHNY/2024 is as regards to the order of CIT(A) partly sustaining the addition made by AO on account of sundry creditors at Rs.43,96,587/- as against addition made by AO of Rs.4,49,04,500/-. Both assessee as well as Revenue came in cross appeal.

25. We have heard rival contentions and gone through facts and circumstances of the case. We noted that the AO made addition of unproved sundry creditors of Rs.4,49,04,500/- (wrongly as Rs.4,94,04,500/-). The assessee could not furnish the details of sundry creditors and could not prove genuineness of these sundry creditors. The CIT(A) noted the details of sundry creditors as filed in the original return of income as well as filed in response to notice u/s. 148 of the Act and noted as under:-

<i>A.Y</i>	<i>Type of Return</i>	<i>Sundry Creditors</i>	<i>Sundry Debtors</i>
2015-16	<i>Original</i>	4,49,04,500/-	7,79,34,098/-
	<i>Filed u/s 148</i>	43,96,587/-	1,20,45,000/-
	<i>Difference</i>	4,05,07,913/-	6,58,89,098/-

The CIT(A) noted that the assessee reduced sundry creditor to the extent of Rs.4,05,07,913/- and also sundry debtors to the extent of Rs.6,58,89,098/-. The CIT(A) after setting off this sundry creditors with sundry debtors and noted from the survey report that the admitted sundry creditors are to the extent of Rs.43,96,587/- as per return filed in response to section 148 of the Act. This fact is noted by CIT(A) in para 7.4.7 & 7.4.8 as under:-

*“7.4.7 It is noticed that the appellant failed to furnish the details of sundry creditors such as names and addresses, amounts due to each creditor either during the survey or assessment proceedings or appeal proceedings as far as ‘Sundry Creditors Rs.30,02,682/- admitted in return filed u/s148. Contrary to claim of appellant that he has admitted ‘Nil’ Sundry creditors in return filed u/s 148, he has admitted Rs.30,02,682/- on account of outstanding sundry creditors. Therefore, as held by Hon’ble courts, the amount can be added u/s 68 rws 69C. Hon’ble Karnataka High court in Sri P.M. Abdulla vs. ITO, ITA Nos.719/2009 & 803/2009 has held that credit purchases are nothing but expenditure if sundry creditors are not proved by the assessee, addition can be done by the assessing officer by resorting to section 69C.*

*7.7.8 In view of the above, I am of considered opinion that it would be reasonable to confirm addition only to extent of sundry creditors Rs.43,96,587/- appearing as per return u/s 148 which could not be proved by appellant by filing relevant evidences. The AO is directed to delete balance addition of Rs.4,05,07,913/- (Rs.4,49,04,500 (-) Rs 43,96,587). Consequently, ground of appeal no.7 is Partly Allowed.”*

Aggrieved against sustaining addition of Rs.43,96,587/-, assessee came in appeal and against deletion of Rs.4,05,07,913/-, Revenue came in appeal before the Tribunal.

26. We noted that the Revenue could not bring on record that how this sundry creditors of Rs.4,49,04,500/- was in the return of income whereas CIT(A) has categorically recorded the fact that there are sundry creditors to the tune of Rs.43,96,587/- in the return of income filed in response to notice u/s.148 of the Act and also in the survey report. We noted that the CIT(A) has given a correct finding after going through the facts of the case and sustained the addition of sundry creditors of Rs.43,96,587/-. We confirm the order of CIT(A) and sustained the addition of Rs.43,96,587/- and confirm the deletion of Rs.4,05,07,913/-. Now, the Id.counsel for the assessee made submission that the addition of sundry creditors are arising out of business creditors and this may be set off against the profit estimated by the Tribunal and direction can be given accordingly. To this, the Id.Senior DR objected. But after going through the facts of the case, we noticed that the sundry creditors are arising out of business of the assessee and hence, the business income estimated by applying profit rate is to be set off against the sundry creditors and also single addition is to be made. In term of the above, we direct the AO accordingly and this appeal of Revenue is dismissed and the appeal of the assessee is partly-allowed as indicated above.

**ITA No.694/CHNY/2024**

27. The next three issues in this appeal of assessee is regarding sustaining of addition of Rs.30,72,000/- being investment in purchase of property, sustaining addition of Rs.31,27,003/- being investment in M/s. D.R. Construction and sustaining addition of Rs.28,69,250/- being investment in M/s. DR Enterprises, which are raised by following ground Nos. 5 to 7:-

*“5. The First Appellate Authority erred in sustaining the addition of Rs.30,72,000/- being investment in purchase of property, without considering the submissions of appellant in proper perspective.*

*6. The First Appellate Authority erred in sustaining the addition of Rs.31,72,003/- being investment in M/s DR Constructions, without considering the submissions of appellant in proper perspective.*

*7. The First Appellate Authority erred in sustaining the addition of Rs.28,69,250/- being investment in M/s. DR Enterprises, without considering the submissions of appellant in proper perspective.*

28. At the outset, the Id.counsel for the assessee stated that these additions be set off against profit estimated from the business income. He only made this plea, as made in earlier appeals. We have already allowed the set off of these additions against the income arising out of estimated profit. Taking a consistent view, we direct the AO to allow credit of business income against these additions and in case, these additions are more than the estimated

income, then he will sustain to that extent. Accordingly, these three common issues are partly-allowed as indicated above.

29. In the result, both the appeals filed by the Revenue in ITA Nos. 620 & 621/CHNY/2024 are dismissed and the appeals filed by the assesseees in ITA Nos.689 to 694 & 696/CHNY/2024 are partly-allowed.

Order pronounced in the open court on 26<sup>th</sup> July, 2024 at Chennai.

Sd/-

(एस.आर. रघुनाथा)

**(S.R. RAGHUNATHA)**

लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-

(महावीर सिंह )

**(MAHAVIR SINGH)**

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 26<sup>th</sup> July, 2024

***RSR***

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. निर्धारिती /Assessee
2. राजस्व /Revenue
3. आयकर आयुक्त /CIT, Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.