

**आयकर अपीलीय अधिकरण 'ए' न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'A' BENCH, CHENNAI**

**मजनीय श्री मनोज कुमार अग्रवाल, लेखक सदस्य एवं**  
**मजनीय श्री मनु कुमार गिरि, न्यायिक सदस्य के समक्ष।**  
**BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**  
**AND HON'BLE SHRI MANU KUMAR GIRI, JM**

- 1. आयकरअपील सं ITA No.465/Chny/2024**  
**(निर्धारणवर्ष / Assessment Year: 2016-17)**  
**&**
- 2. आयकरअपील सं ITA No.466/Chny/2024**  
**(निर्धारणवर्ष / Assessment Year: 2017-18)**  
**&**
- 3. आयकरअपील सं ITA No.467/Chny/2024**  
**(निर्धारणवर्ष / Assessment Year: 2018-19)**  
**&**
- 4. आयकरअपील सं ITA No.468/Chny/2024**  
**(निर्धारणवर्ष / Assessment Year: 2019-20)**

<b>M/s Anjappar Chettinad A/c Restaurant</b> #7/2, J.P.Towers Nungambakkam High Road, Nungambakkam, Chennai-600 034.	<b>बनम/</b> Vs.	<b>DCIT</b> Central Circle-1(3) Chennai.
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>AAIFA-0590-K</b>		
(पीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थी कीओरसे/ <b>Appellant by</b>	:	S/Shri V.Padmanabhan & Venkat Raman (CAs)- Ld.ARs
प्रत्यर्थीकीओरसे/ <b>Respondent by</b>	:	Shri Nilay Baran Som (CIT)-Ld. Sr. DR

सुनवाई की तारीख/ <b>Date of Hearing</b>	:	20-06-2024
घोषणा की तारीख / <b>Date of Pronouncement</b>	:	06-08-2024

## आदेश / ORDER

### Manoj Kumar Aggarwal (Accountant Member)

1.1 Aforesaid appeals by assessee for Assessment Years (AY) 2016-17 to 2019-20 arises out of the common order of learned Commissioner of Income Tax (Appeals)-18, Chennai [CIT(A)] dated 29-12-2023 in the matter of separate assessments framed by Ld. Assessing Officer [AO] u/s. 153(A) of the Act all dated 05-03-2022. It is admitted position that facts as well as issues are quite identical in all the years and our adjudication in any one year shall equally apply to the other years also. First, we take up appeal for AY 2018-19 wherein the grounds raised by the assessee read as under: -

1. That the appellate order dated 29.12.2023 passed by the Learned Commissioner of Income Tax (Appeals) - 18, Chennai (Ld.CIT(A))" upholding the Assessment Order dated 05.03.2022 passed by the Assistant Commissioner of Income Tax, Central Circle - 1 (3), Chennai (Assessing Officer") for the Assessment Year 2018-19 is contrary to law, facts and in circumstances of the case.
2. That the Ld.CIT(A) is not justified in confirming the addition of Rs. 3,52,608/- made by the Assessing Officer u/s. 69 of the Income-tax Act, 1961 towards chits payments made by the appellant during the year.
3. That the Ld. CIT (A) was erred in made addition of unaccounted sales amounting to Rs. 2,09,09,192/- during the year.
4. That the Ld.CIT(A) was erred in made addition of Royalty income from franchisee units situated in Foreign countries (Dubai, Abu Dhabi, Qatar, and Australia) amount in Rs.1,77,48,000/- during the year.
5. That the Ld. CIT(A) was erred in made addition of one time setting up fees of Rs.1,18,94,680/- from franchisee units (Bahrain, Saudi Arabia and Penang Malaysia) during the year. That the One-time setup fees not related to the appellant and it belong to Ponselvi Pte. Ltd. situated and assessed at country of Singapore.
6. That the Ld. CIT(A) was also erred in made addition of one time setting up fees of Rs.66,50,000/- from the franchisee units (North Carolina, Austin Texas, Orange County)) during the year. That the One-time setup fees not related to the appellant and it belongs to Anjappar Chettinad LLC Delaware, situated and assessed at country of USA.

As is evident, the issue that fall for our consideration is (i) Addition of unaccounted sales; (ii) Addition of daily chit payments; (iii) Addition of

Royalty income; (iv) Addition of one-time set-up fees as receivable from franchisee units. The only issue in other years is addition on account of contribution to daily chit funds.

1.2 The Ld. AR advanced arguments and placed on record issue-wise chart. Our attention has been drawn to various documents. The Ld. CIT-DR has supported the impugned additions. Having heard rival submissions and perusal of case records, our adjudication would be as under. The assessee being resident firm is engaged in running restaurants on franchise basis.

## **2. Assessment Proceedings**

Pursuant to search action u/s 132 on assessee group on 03-01-2019, an assessment was framed u/s 153A r.w.s. 143(3) on 05-03-2022. The assessee admitted income of Rs.120.30 Lacs in return of income filed in response to notice u/s 153A. The assessee had filed regular return of income at Rs.64.80 Lacs. The issues that fall for our consideration are adjudicated as under.

## **3. Addition of daily chit payments**

3.1 This addition stem from one daily dairy seized from the corporate office vide ANN/SC/ANJ/B&D/S-11 which revealed payment of chit installment to seven chits for Rs.62 Lacs from 20-03-2018 to 16-10-2018. The source of the same was alleged to be cash received from the contractors who provided various services to assessee firm on account of building of new restaurants, maintenance of existing restaurants and construction of Kitchen at Guindy. These contractors were stated to be paid in excess which was received back as unaccounted income. The chit payment for this year amounted to Rs.3.52 Lacs. The Ld. AO proceeded to add the same as unexplained investment u/s 69.

3.2 During the course of assessment proceedings, the assessee retracted the sworn statement and stated that no such contracts were entered in to by the assessee as alleged. The contributions were made by the partners only from the internal drawings from the firm. The details thereof have been extracted in the assessment order. The assessee provided working and submitted that considering drawings as well as additional income offered by the assessee, there would be no deficit. The assessee made chit payments of Rs.335 Lacs in all the years whereas it offered additional income u/s 153A for Rs.238.50 Lacs. There were drawings for Rs.142.10 Lacs. Accordingly, the total sources were stated to be Rs.380.60 Lacs as against chit contribution of Rs.335 Lacs. Accordingly, the assessee assailed any such addition.

3.3 The Ld. AO rejected the same on the ground that there was no direct nexus of chit payments between the partners' drawings and business receipts offered as additional income. Further, the partner drew huge amount in cash but failed to show the same in their return of income in respective assessment years. Therefore, the said amount was added as unexplained investment u/s 69 of the Act.

3.4 Similar additions were made for AY 2016-17, 2017-18 & 2019-20 for Rs.181.50 Lacs, Rs.91.50 Lacs and Rs.63.47 Lacs respectively.

#### **4. Addition of unaccounted sales**

This addition is based on the basis of an excel sheet found during search. The same contained details of unaccounted receipts of the restaurants for Rs.209.09 Lacs. The partners of the firm accepted that the same was sales for AY 2018-19 and offered the same as additional income. The assessee submitted that sales to the extent of Rs.105.48 Lacs were already offered during December, 2017 to February, 2018.

The balance sales were offered to tax based on Gross-Profit margin of 16.91% which was nothing but maximum profit rate earned by the assessee during AYs 2016-17 to 2019-20. However, Ld. AO rejected the submissions of the assessee and made addition of Rs.209.09 Lacs.

#### **5. Addition of royalty income**

During search, it was noted that the assessee did not receive royalty payments from some of the franchisee units situated at Dubai, Abu Dhabi, Qatar & Australia. Since the assessee was maintaining accounts on accrual basis, it should have offered such income of Rs.177.48 Lacs, the details whereof have been tabulated in para 8.1 of assessment order. The franchisee units were located at Dubai, Abu Dhabi, Qatar and Australia. The managing partner of the firm stated that the royalty was irrecoverable and the same needs to be treated as bad-debts. The assessee also submitted that it had offered all the royalties which were received. During the year, the franchisees were closed and no business was carried out in these countries. On verification of FICR copies, it could be seen that royalties from these countries were not received neither they accrued to the assessee firm. However, Ld. AO added the same as business income.

#### **6. One time set-up fees receivable from franchisee units**

6.1 During search, a loose sheet was found and seized. It was print out of email communication which purportedly gave details of shareholding held by Shri A. Kandaswamy (12.5%) and Shri Manickam Kumaresan (12.5%) in M/s Anjappar Hong Kong. Shri Vasudevan (Tax Consultant), in sworn statement, stated that Hong Kong franchisee partners of the firm did not pay one-time setup fee for franchise granted by the assessee. In lieu of the same, shares were allotted to both these

persons. Shri A. Kandasamy, Managing Partner of the firm agreed to offer the same. Such fees were receivable from Bahrain, Saudi Arabia, Penang (Malaysia) and aggregated to Rs.118.94 Lacs.

6.2 During the course of assessment proceedings, the assessee submitted that M/s Anjappar Hong Kong was owned by M/s Dakshin India Restaurant Limited, a Singapore based company. The assessee did not make any investment in M/s Anjappar Hong Kong. The assessee only entered into franchisee agreement with M/s Dakshin India Restaurant Limited, Singapore. The copy of the same was furnished. It was further submitted that one-time set up fees was received by M/s Ponselvi Pte Ltd., Singapore who would take care of setting up the franchisee units in South East Asia region. Further, there was no agreement of assessee firm with that entity. The copies of financial statements of M/s Ponselvi Pte Ltd were also furnished to prove that one-time set up fees was collected and offered to tax by that entity. The affairs of that entity were stated to be wholly and exclusively managed and controlled by Mr. Kumaresan. Neither the assessee firm nor its partners had any control, directly or indirectly with Ponselvi Pte. Ltd. However, rejecting these submissions, the amount of Rs.118.94 Lacs was added by Ld. AO as business income of the assessee.

6.3 Similarly, one-time set up fees was stated to be received from Franchisee units located at USA. The partner admitted that the fees were collected by assessee's franchisee holding company at USA M/s Anjappar Chettinad LLC Delaware. The same was Rs.66.50 Lacs and the partner agreed to offer the same as unaccounted money.

6.4 During assessment proceedings, the assessee submitted that M/s Anjappar Chettinad LLC Delaware was incorporated during August,

2014. The partners were holding 1/3<sup>rd</sup> share each in the same. This entity facilitates communication with franchisees and enables them to set-up franchises in USA. The LLC received one-time fees and royalty fees on monthly sales from franchisees. The one-time fees were received by that entity only which is utilized for expenditure like payment of Architect fees, Travelling fees, accommodation fee, kitchen drawing, vastu consultancy fees etc. Therefore, the same was not the income of the assessee firm since it had not been received by the firm. It was received by M/s Anjappar Chettinad LLC Delaware which was being taxed in USA. In support, copies of income Tax returns were also furnished. However, rejecting these submissions, the amount of Rs.66.50 Lacs was added as business income of the assessee.

## **7. Appellate Proceedings**

7.1 The assessee assailed impugned additions by way of elaborate written submissions which have already been extracted in the impugned order which is common order for AYs 2015-16 to 2019-20. The findings of Ld. CIT(A) are contained in Para-8 onwards on Page No.50 onwards.

7.2 The Ld. CIT(A) noted the reply of partner of the firm in reply to Q. No.15 wherein it was admitted that the assessee paid chit installment of Rs.50000/- per day from 02-04-2015 to 30-09-2016 i.e., for 546 days. It was also admitted that the source of the same was cash received from contractors. If the chit was sourced from drawings, the partner should have shown the same as their investment in their books which was not done. There was categorical admission by the partners of the firm that the contractors were paid in excess through banking channels and excess amount was received back by the firm as unaccounted income which was the source of chit contribution. The retraction was not valid

retraction. Just because the partners drew money from the firm, the tax incidence could not be shifted to partners. The retraction was without any corroborative evidences. Even if the cash was available with the partners, the same could not be assumed to be paid towards chits and not for other purposes. However, the alternative arguments that additional income as offered u/s 153A need to be telescoped, could be accepted since it was a reasonable claim.

7.3 It was noted by Ld. CIT(A) that additional income offered for AY 2016-17 was Rs.89.05 Lacs and the addition made in that year was Rs.181.50 Lacs. Therefore, the after providing telescoping of additional income, the impugned addition was restricted to Rs.92.44 Lacs. Similar relief of Rs.81.21 Lacs was provided for AY 2017-18. For AY 2018-19, additional income was more than chit payment of Rs.3.52 Lacs and therefore, the addition was deleted in its entirety. In AY 2019-20, no additional income was offered and therefore, no relief was provided in that year.

7.4 On the issue of unaccounted sales, the assessee submitted that sales to the extent of Rs.105.48 Lacs was already offered to tax in subsequent months and the unaccounted sales would be Rs.103.60 Lacs only. The assessee also stated that the above sales were already offered to tax @ 16.91% being maximum rate of Gross Profit earned by the assessee during AYs 2016-17 to 2019-20. In support, the assessee filed VAT / GST Returns and sales register. It was shown that the suppressed sales were reported in GST returns of subsequent months and a reconciliation, in that regard, was duly furnished which has been extracted in the impugned order. However, Ld. CIT(A) noted that the search took place on assessee on 03.01.2019 whereas return u/s 139(1)

was filed on 30.10.2018 itself. The assessee made admission of unaccounted sales during search and the same was retracted later on. Since the assessee made admission, the sales could not be subjected to Gross profit rate and therefore, the arguments of the assessee were rejected. However, the telescoping benefit of additional income as offered by the assessee could be granted to him. The remaining additional income was Rs.51.98 Lacs (after adjustment of Chit payments) and relief to that extent was provided whereas the balance addition of Rs.157.11 Lacs was confirmed. The Ld. CIT(A) also concurred that this income accrued to the assessee in business and therefore, it should be assessed as business income u/s 28 and not u/s 69A. Consequently, the provisions of Sec.115BBE would not apply on this income.

7.5 On the issue of royalty, it was noted by Ld. CIT(A) that royalty of Rs.177.48 Lacs was not received from some franchisee units and the partner admitted the same as the income of the assessee. The assessee submitted that this payment was never received by the assessee. It was also reiterated that due to poor performance of the units and the refusal of franchise owners to pay the royalty, the same was identified and royalty was waived-off. The Ld. CIT(A) held that the claim was not in accordance with the provisions of Sec.36(1)(vii) r.w.s. 36(2). The assessee should first offer the same as income on accrual basis and then write-off the same in the accounts when the same has become irrecoverable. Therefore, the addition was confirmed. However, the same would be taxed as business income only and the provisions of Sec.115BBE would not apply.

7.6 On the issue of set-up fees, it was noted that the assessee was running franchises in foreign countries. When the franchises set up outlets in the name of Anjappar, one time set up fees was given to the assessee by them. The partner made admission thereof in sworn statement. The assessee reiterated that the fees from units located at Hong Kong, Bahrain, Saudi Arabia and Penang were received by one Ponselvi Ltd., Singapore. The said entity accounted for the same and paid taxes in Singapore. Regarding USA franchises units at North Carolina, Austin, Texas and Orange County, US based entity Anjappar Chettinad LLC Delaware paid taxes in US. It was thus the submissions of the assessee that one time set-up fees were not receivable by the assessee firm. The Ld. CIT(A) noted that though there was no formal agreement between the parties to the transactions, however, going by the admission made by the partner in sworn statement, it was held that incorporating conduit companies in Singapore and USA would not take away accrual of income in the hands of the assessee firm. Against this fee, one of the partners was allotted shares which was not admitted as income. Further the expenditure incurred by foreign conduit entities was not furnished by the assessee firm. The tax base had been eroded in the form of informal arrangements by the conduct of the parties to the transactions. Therefore, the addition was confirmed but relief was provided to the extent that the provisions of Sec.115BBE would not apply.

7.7 Aggrieved as aforesaid the assessee is in further appeal before us.

### **Our findings and Adjudication**

8. From the facts, it emerges that pursuant to search action u/s 132 on assessee group on 03-01-2019, impugned assessments have been

framed against the assessee. For AY 2018-19, the assessee has admitted income of Rs.120.30 Lacs which is more than regular return of income filed at Rs.64.80 Lacs. Quite evidently, the assessee has offered additional income in the return of income filed in response to notice issued u/s 153A.

9. First, we take up the issue of unaccounted sales. The documents found during search, in this regard, has been placed on page nos. 60 to 97 of the paper-book. Upon perusal of the same, we find that the same contain sales summary of assessee group, the units of which has been situated at Chrompet, Adyar, Ashok Nagar, Nungambakkam and Guduvancherry. The Ld. AR has submitted that all these branches are separate entities managed by separate concerns which are assessable to tax under separate PAN. The present assessee is situated at Nungambakkam. The sales summary for Nungambakkam shows that the unaccounted sales for this units is only Rs.54.64 Lacs as against aggregate figure of Rs.209.09 Lacs as taken by Ld. AO. The sum of Rs.209.09 Lacs is the aggregate of all the units which belong to separate concerns. Another submission of Ld. AR is that the sales to the extent of Rs.105.48 Lacs were offered in subsequent months during December, 2017 to February, 2018 and reconciliation in that regard was already furnished before lower authorities. It has been submitted by Ld. AR that that the remaining unaccounted sales would be Rs.103.60 Lacs only which belong to separate concerns. Alternatively, Ld. AR has pleaded for adoption of Gross Profit Rate on unaccounted sales.

10. In the above factual background, we are of the considered opinion that entire addition of unaccounted sales in not justified solely in the hands of the assessee. Considering the fact that the unaccounted sales

belong to different concerns of the assessee and by also considering the fact that partial sales turnover has been accounted for by the assessee in subsequent months, it would be prudent to apply Gross Profit Rate of 16.91% on aggregate unaccounted sales of Rs.202.91 Lacs. If this rate is applied then the additions would work out to be Rs.34.31 Lacs. The additional income as offered by the assessee are much higher at Rs.51.98 Lacs and therefore, the addition of Rs.157.11 Lacs as sustained in the impugned order is to be deleted. We order so. The corresponding grounds stand partly allowed.

11. So far as the addition of Chit Payments is concerned, Ld. CIT(A) has granted relief of additional income as offered by the assessee. It is undisputed fact that the partners' have made certain drawings from the firm which is stated to be the source of the chit payment. The same also stand corroborated by the admission made by the partner in sworn statement as recorded during the search action wherein, in reply to Q.No.15, it was submitted as under: -

Ans: Sir, the said entry belonging to payment of chit instalment of Rs.50,000/- per day from 02.04.2015 to 30.09.2016 i.e., 546 days. It was paid by my cashier towards the chit payment based on my direction. Whenever the managing partner of the firm is not in office, the accountant will pay from firm account and later on, this amount is reimbursed by me or my brother. The above instalment amounts are given by us. The total amount of Rs.2,73,00,000/- was paid to chit as instalment for the said period. The source for the same is from the cash received from contractor who provide various services relating to building of new restaurants, maintenance of the existing restaurants and construction of central kitchen in Guindy, from whom we pay through banking channels and the excess amount will be returned by them.

It was thus admitted that, in fact, the partners made the payment of chit instalment. Though it was admitted that the payment was received from contractors, however, during assessment proceedings, it was demonstrated by the assessee that partners had made huge drawings

which were sufficient enough to fund these instalments. The only reason to disregard the same is that the drawings were not shown as investment by the partners in their respective return of income. Nevertheless, the fact that there were drawings from the firm, remain uncontroverted. These details could be tabulated as under: -

AY	Return of income u/s.139 filed on	Income returned u/s.139 (in Rs)	Return of income u/s.153A filed on	Income declared as per 153A	Total additions made Rs.	Addition pertaining to investment in chits	Assessed income
2016-17	17.10.2016	8890920	12.03.2020	17796140	18150000	18150000	35946140
2017-18	07.11.2017	9997620	12.03.2020	18119610	9150000	9150000	27269610
2018-19	31.10.2018	6480150	12.03.2020	12030150	57554470	6200000	69584620
2019-2020	31.10.2019	6018360	06.03.2020	6018360	6347392	6347392	12365752

Assessment Year	Investment in chit	Source (Partners Drawings)	Source Additional Income u/s 153A
2013-2014	-	64,00,000	
2014-2015	-	13,60,000	
2015-2016	13,00,000	-	13,00,000
2016-2017	156,00,000	31,30,000	89,00,000
2017-2018	78,00,000	12,40,000	81,00,000
2018-2019	5,00,000	18,80,000	55,50,000
2019-2020	83,00,000	2,00,000	----
	<b>3,35,00,000</b>	<b>1,42,10,000</b>	<b>2,38,50,000</b>

On aggregate basis, additional income as offered by the assessee and drawings made over the years exceed the investment made in chit instalment. For AY 2016-17, the benefit of additional income has already been granted by Ld. CIT(A) and the addition has been restricted to the extent of Rs.92.44 Lacs. Similar is the adjudication for subsequent years. However, the assessee has aggregate drawings of Rs.142.10 Lacs from AYs 2013-14 to 2019-20. The benefit of the same, in our considered opinion, would be available to the assessee and the same could not be disregarded in the absence of contrary findings that there was no drawings by the partners. Therefore, the impugned additions, for all the years, as sustained in the impugned order, stands deleted. We order so. The corresponding grounds stands allowed.

12. So far as the royalty income is concerned, it is pertinent fact that as per search findings, the assessee has not received any royalty income. This is undisputed fact. The royalties were receivable from various units located at Dubai, Abu Dhabi, Qatar and Australia. The managing partner of the firm, in sworn statement, stated that the royalty was irrecoverable and the same needs to be treated as bad-debts. The assessee also submitted that it had offered all the royalties which were received. During the year, the franchisees were closed and no business was carried out in these countries. The assessee furnished FICR copies to support the submissions that royalties from these countries were not received. During appellate proceedings, it was reiterated that due to poor performance of the units and the refusal of franchise owners to pay the royalty, the same was identified and royalty was waived-off. The Ld. CIT(A) has held that the claim was not in accordance with the provisions of Sec.36(1)(vii) r.w.s. 36(2). The assessee should first offer the same as income on accrual basis and then write-off the same in the accounts in which the same has become irrecoverable. Therefore, the addition was confirmed. However, in view of undisputed position that ultimately royalty income has not been recovered by the assessee in this year or in subsequent years, the same could not be added as income of the assessee since no real income had accrued to the assessee. The revenue is free to tax the same if the same is recovered in subsequent years. The impugned addition, therefore, stand deleted.

13. The one-time set up fees, as is evident, has accrued from Bahrain, Saudi Arabia, Penang (Malaysia). However, it is a fact that this income do not belong to the assessee. Rather the same belong to M/s Anjappar Hong Kong which is owned by M/s Dakshin India Restaurant Limited, a

Singapore based company. The assessee has not made investment in M/s Anjappar Hong Kong. Undisputedly, the assessee entered into franchisee agreement with M/s Dakshin India Restaurant Limited, Singapore. However, this fee belongs to another entity M/s Ponselvi Pte Ltd., Singapore who would take care of setting up the franchisee units in South East Asia region. There is no agreement of assessee firm with that entity. The copies of financial statements of M/s Ponselvi Pte Ltd were also furnished to prove that one-time set up fees was collected and offered to tax by that entity. The affairs of that entity were stated to be wholly and exclusively managed and controlled by Mr. Kumaresan. Neither the assessee firm nor its partners had any control, directly or indirectly with Ponselvi Pte. Ltd. This being the factual position, the impugned fees could not be said to be belonging to the assessee and accordingly, liable to be deleted. We order so.

14. Similarly, one-time set up fees stated to be received from franchisee units located at USA belong to assessee's franchisee holding company at USA by the name M/s Anjappar Chettinad LLC Delaware. This entity was incorporated during August, 2014. The partners of assessee-firm hold 1/3<sup>rd</sup> share each in the same. This entity facilitates communication with franchisees and enables them setting-up the franchises in USA. The LLC received one-time fees and royalty fees on monthly sales from franchisees. Thus, the one-time fee is the income of that entity only and could not be considered to be the income of the assessee-firm. The financial statements / Tax Return of that entity was also furnished by the assessee during the course of assessment proceedings.

15. The aforesaid addition, prima-facie has been made merely on admission made at the time of search. However, during assessment proceedings, the assessee, in our considered opinion, has sufficiently demonstrated that the one-time set up fee belong to the other entities and not to the assessee-firm. The Ld. CIT(A) has duly noted that there was no formal agreement between the parties to the transactions. The allegation that tax base had been eroded in the form of informal arrangements by the conduct of the parties to the transactions, is bereft of any concrete material on record. The assessee has furnished tax returns of foreign entities. Therefore, this addition is more on admission by the assessee but not based on factual findings. This being the case, the impugned addition is not sustainable. We order so.

16. All the appeals stand allowed in terms of our above order.

*Order pronounced on 6<sup>th</sup> August, 2024*

<b>Sd/-</b> <b>(MANU KUMAR GIRI)</b> न्यायिक सदस्य / <b>JUDICIAL MEMBER</b>	<b>Sd/-</b> <b>(MANOJ KUMAR AGGARWAL)</b> लेखासदस्य / <b>ACCOUNTANT MEMBER</b>
---	--

चेन्नई Chennai; दिनांक Dated : 06-08-2024

DS

**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT Chennai.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF