

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

श्री महावीर सिंह, उपाध्यक्ष एवं श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND**  
**SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.1275/Chny/2024  
निर्धारण वर्ष /Assessment Year: 2018-19

**Sekar Kalaiselvi,**  
**No.2/89, Melapatti Melmugam,**  
**Thummankurichi Post,**  
**Namakkal,**  
**Tamil Nadu-637 003.**  
**[PAN: BMKPK3585R]**

**The Income Tax Officer,**  
**Vs. Ward-1(2),**  
**Namakkal.**

**(अपीलार्थी/Appellant)**

**(प्रत्यर्थी/Respondent)**

*अपीलार्थी की ओर से/ Assessee by* :

*None*

*प्रत्यर्थी की ओर से /Revenue by* :

*Shri Keerthi Narayanan, JCIT*

*सुनवाई की तारीख/Date of Hearing* :

*05.09.2024*

*घोषणा की तारीख /Date of Pronouncement* :

*11.09.2024*

**आदेश / O R D E R**

**PER AMITABH SHUKLA, A.M :**

This appeal is filed against the order bearing DIN & Order No.ITBA/NFAC/S/250/2023-24/1061904862(1) dated 03.03.2024 of the Learned Commissioner of Income Tax [herein after "CIT(A), National Faceless Appeal Center[NFAC], Delhi, for the assessment years 2018-19. Through the aforesaid appeal the assessee has challenged order u/s 250 dated 03.03.2024 passed by NFAC, Delhi.

2.0 The first issue arising in this appeal is regarding the estimation of profits by the Ld. First Appellate Authority. Ld. Counsel for the assessee informed that the assessee is engaged in the business of trading of Eggs. During the year under consideration the assessee had shown total turnover of Rs.78,83,02,845/- against purchases of Rs.78,58,47,587/- so as to arrive at a net profit of Rs.11, 78,542/-. No opening or closing stock are shown. The Ld. AO had demanded details in support of low net profit viz-a-viz heavy turnover which remained uncomplied by the assessee. The Ld. AO held that the declared profit was far too less in this line of business and after recording his findings in Para-4 of the assessment order proceeded to estimate assessee's profit at 1% of the total turnover and made addition of Rs.78,83,028/- while rejecting books of accounts. The Ld. First Appellate Authority estimated the profits of the assessee by applying a ratio of 0.75% of the turnover thereby giving the assessee a relief of Rs.19,70,756/-. The Ld. Counsel for the assessee had argued that the profits in this line of business are very low and hence adoption of 1% by the Ld.AO itself was quite high. The Ld. DR vehemently relied upon the orders of the authorities below. It was submitted that the assessee had not furnished the requisite details to the Ld. AO leading to estimation of its book profits.

3.0 We have heard the rival submissions in the light of material available on records. It is an undisputed fact of the case that the assessee had not complied with details asked for by Ld. AO compelling him to estimate the profits of the assessee. The Ld. AO in para-4 of his order has given his reasoning's for adopting the turnover at 1%, Principle being non-submission of supporting documents by the assessee and accompanying rejection of books of accounts of the assessee u/s 145(3). The action of the Ld. First Appellate Authority in estimating the profits at 0.75% of the turnover is not based upon any reasoned findings except that he concurs with Ld. AO's findings. Given the overall facts and circumstances of the case we are of the view that ends of justice would be met if the profits of the assessee are estimated at 0.50% of the total turnover. Accordingly, the order of Ld.AO and Ld.CIT(A) is set aside and the Ld.AO is directed to recompute the profits of the assessee at 0.50% of the total turnover. In the result, all the grounds of appeal raised by the assessee qua estimation of its profits are partly allowed.

4.0 The next issue raised by the assessee is regarding the addition made by the Ld. AO on account of low withdrawals. The Ld. AO noted that the assessee had shown total drawings of only Rs.464/-. The Ld. AO holding the same as inadequate for any person of assessee's stature, estimated minimum drawings of Rs.50,000/- per month and proceeded to add to Rs.6

lakhs. The Ld. First Appellate Authority provided 50% relief to the assessee and restricted the addition to Rs.3 lakhs. The Ld. DR relied upon the order of authorities below. Before us the Ld. Counsel for the assessee repeated same set of arguments that the assessee stays in house of her husband and all family expenses are met by her husband who earns income from agriculture activities, interest etc. We have heard rival submissions and considered the issue in the light of material available on records. Whereas, there can be some force in assessee's arguments of house hold expenses borne by her husband there cannot be any justification for low withdrawals of Rs. 464/-. Accordingly, we are of the view that the decision of the Ld. First Appellate Authority in restricting the Ld. AO's addition at Rs.3 lakhs reflects a reasonable view of the matter. Therefore, we are of the view that there is no need to interfere with the decision of Ld. First Appellate Authority at this stage. The ground of appeal raised by the assessee is therefore partly allowed.

5.0 In the result, the appeal is partly allowed.

Order pronounced on 11<sup>th</sup>, September-2024.

**Sd/-**

(महावीर सिंह)

**(Mahavir Singh)**

**उपाध्यक्ष / Vice President**

**Sd/-**

(श्री अमिताभ शुक्ला)

**(Amitabh Shukla)**

**लेखा सदस्य /Accountant Member**

चेन्नई/Chennai, दिनांक/Dated: 11<sup>th</sup>, September 2024.

KB/-

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT - Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF