

आयकर अपीलिय अधिकरण, 'डी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'D' BENCH: CHENNAI

श्री यस यस विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री जगदीश, लेखक सदस्य के समक्ष
BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.1812/Chny/2024
निर्धारण वर्ष /Assessment Year: 2017-18

M/s. Appa Trading Company,
No.130, Suramangalam Main
Road, Leigh Bazar,
Salem – 636 009.
[PAN: AAQFA 3732M]

Vs. The Income Tax Officer,
Ward-1(1),
Salem.

(अपीलार्थी/**Appellant**)

(प्रत्यर्थी/**Respondent**)

अपीलार्थी की ओर से/ Appellant by
प्रत्यर्थी की ओर से /Respondent by

: Shri S. Sridhar, Advocate (Erode)
: Shri Vinod, JCIT

सुनवाई की तारीख/Date of Hearing

: 21.08.2024

घोषणा की तारीख /Date of Pronouncement

: 20.09.2024

आदेश / **ORDER**

PER JAGADISH, A.M :

Aforesaid appeal filed by the assessee for Assessment Year (AY) 2017-18 arises out of the order of Learned Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Delhi [hereinafter "CIT(A)"] dated 29.04.2024.

2. The only effective ground in this appeal of assessee is against confirming the addition of cash deposit during demonetization period of

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Rs. 22,95,617/- and estimating the net profit @ 8% and making addition of Rs. 18,66,596/-.

3. The brief facts of the case are that the assessee is a dealer in Kerosene oil with HPCL and has deposited cash of Rs. 22,95,617/- in the Salem District Co-operative Bank Ltd., Salem. The assessee has not filed any return of income. The A.O therefore, has reopened the assessment and made the addition of cash deposits of Rs. 22,95,617/- during demonetization period and also made addition @8% of credit in the bank, taking them business receipts as business income. The Ld. CIT(A) has confirmed both the additions.

4. The Ld. Authorized Representative (A.R) of the assessee has argued that the assessee is a dealer in Kerosene oil with HPCL and therefore, was authorized to accept SBN notes during the demonetization period. The Ld. AR has also argued that the entire cash deposit was a business receipt and only Rs. 8,90,000/- of SBN notes as against Rs. 22,95,617/- alleged by the A.O deposited during the demonetization period. Therefore, the Ld. CIT(A) was not justified to confirm the above addition. As regards to estimation of net profit margin @ 8%, the Ld. AR has submitted that the profit adopted by the

A.O is excessive as there is hardly margin of less than 2% in the line of business.

5. The Ld. Departmental Representative, on the other hand, supported the orders of the authorities below.

6. We have heard the rival submissions, and perused the materials available on record. The assessee had deposited Rs. 22,95,617/- during demonetization period which included SBN notes of Rs.8,90,000/-. The assessee was a dealer in Kerosene oil with HPCL and therefore, was authorized to accept the cash notes during demonetization period. The A.O has not brought out any material to suggest that cash deposit during demonetization period was not cash sale which is in line with cash deposit in rest of period. Therefore, the addition confirmed by Ld. CIT(A) cannot be sustained and upheld and therefore, deleted.

7. As regards to estimation of net profit @ 8%, the assessee has not neither filed return u/s. 148 of the Act nor filed return in response to notice u/s 148 of the Act. The A.O has estimated the net profit rate @ 8%, which the rate prescribed in Section 44AD of the Act. There is no

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infirmary in the order of A.O and Ld. CIT(A) in confirming the net profit rate @ 8%. Thus, the addition made by Ld. CIT(A) is confirmed.

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

Order pronounced on 20th September, 2024.

Sd/-
(यस यस विश्वनेत्र रवि)
(SS Viswanethra Ravi)
न्यायिक सदस्य / Judicial Member

Sd/-
(जगदीश)
(Jagadish)
लेखा सदस्य / Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 20th September, 2024.

EDN/-

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