

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में
**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "SMC", HYDERABAD
BEFORE
SHRI K.NARASIMHA CHARY, JUDICIAL MEMBER**

आ.अपी.सं / ITA No.840/Hyd/2024
(निर्धारण वर्ष / Assessment Year: 2017-18)

Veera Ganikamma Guttula Hyderabad [PAN : BAHPK8690J]	Vs.	Income Tax Officer Ward-6(4) Hyderabad
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri Naga Phanindra Sharma, AR
राजस्व द्वारा/Revenue by : Shri Aluru Venkata Rao, DR

सुनवाई की तारीख/Date of hearing: 01/10/2024
घोषणा की तारीख/Pronouncement on: 10/10/2024

आदेश / ORDER

PER K. NARASIMHA CHARY, J.M:

Aggrieved by the order dated 03/07/2024 passed by the learned Commissioner of Income Tax (Appeals)-National Faceless Appeal Centre (NFAC), Delhi ("Learned CIT(A)"), in the case of Veera Ganikamma Guttula ("the assessee") for the assessment year 2017-18, assessee preferred this appeal.

2. Brief facts of the case are that the assessee is an individual. She filed her return of income on 30/03/2018 declaring an income of Rs.3,0,520/-. Learned Assessing Officer found that there were cash deposits in her account to the tune of Rs.23,52,300/- during the year and the return was silent on this aspect. Therefore, issued notice and the assessee explained that such deposits represent the business receipts. Assessee filed confirmations from certain people to show that she was into petty contract works. Learned Assessing Officer referred to the confirmation of one

Shri G.Sreenivasulu and stated that the cash deposits in the account of the assessee and the payments said to have been made by Shri G.Sreenivasulu are not agreeing with each other. Learned Assessing Officer did not believe the confirmations by others and made addition of entire amount of Rs.23,52,300/- to the income of the assessee.

3. Assessee preferred appeal before the learned CIT(A). Learned CIT(A) also did not believe the version of the assessee on the similar lines of the Assessing Officer and recorded that immediately after the receipts in the bank account, the amount was transferred to others towards hand loans and therefore, the assessee is in the business of money lending, but not in the execution of contract works. Learned CIT(A) accordingly dismissed the appeal. Hence, this appeal by the assessee.

4. It is pleaded before me on behalf of the assessee that during the financial year 2016-17, the assessee started small contract works on the assurance of some people and before the date of demonetization she executed much of such works and during demonetization, she executed works worth about Rs.2,47,000/- out of the total business receipt of Rs.25,99,300/-. Learned AR further submitted that such contract works continued for the financial year 2017-18 and 2018-19 also. Learned AR filed bank statements in support of his contentions.

5. Per contra, learned DR submitted that it is not the question of deposits during the demonetization or earlier thereto, but the assessee did not establish the conduct of business and therefore, the learned Assessing Officer is justified in making the addition and the learned CIT(A) is justified in confirming the same.

6. In reply, the learned AR submitted that since the receipts do not exceed the threshold limit, the assessee need not get the books audited and the assessee did not maintain the books, because the works are petty in nature. He submitted that the assessee continued the business for the subsequent years also and as a matter of fact for the assessment year 2019-20, she declared the business receipts in the return of income. 143(1)

intimation was issued and no notice under section 143(2) of the Act was issued subsequently.

7. I have gone through the record in the light of the submissions made either side. Even according to the learned Assessing Officer, total receipts of the assessee during the year do not exceed Rs.27,00,000/- which includes the alleged contract business receipts. Assessee prayed to estimate the business income under section 44AD of the Act.

8. In this matter, out of the total receipts of Rs.23,52,300/-, assessee claims to have executed works worth Rs.21,05,300/- before the demonetization and works worth Rs.2,47,000/- said to have been executed and such deposits were made during the demonetization period. Even for subsequent years also, the assessee did some contract works and there is no contradiction to the fact that in the return of income for the assessment year 2019-20, assessee declared the contract work receipts, and the assessment has become final without issuance of notice under section 143(2) of the Act.

9. Having regard to these facts and circumstances of the case and also in view of the fact that out of the deposits of Rs.23,52,300/- deposits to the tune of Rs.21,05,300/- were made before the demonetization period, there are no suspicious circumstances to doubt the version of the assessee and the total deposits in the account of the assessee could be treated as business receipts on execution of contract works. I, therefore, apply the provisions under section 44AD of the Act and find that the business receipts could be estimated at 8% of the receipts. Learned Assessing Officer will accordingly estimate the income from contracts at 8% and add the same to the income of the assessee.

10. In the result, appeal of the assessee is allowed accordingly.

Order pronounced in the open court on this the 10th day of October, 2024.

Sd/-

(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad, Dated: 10/10/2024

L.Rama, SPS

Copy forwarded to:

1. Shri Veera Ganikamma Guttula, Flat No.403, Sai Akhil Meadows,
R.K.Layout, Near Bhashyam school, Mithila Nagar, Pragathi Nagar,
Hyderabad
2. The ITO, Ward-6(4), Hyderabad
3. The Pr.CIT, Hyderabad
4. The DR, Hyderabad
5. Guard File

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