

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI
श्री एस.एस. विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष ।
Before Shri S.S. Viswanethra Ravi, Judicial Member &
Shri Manoj Kumar Aggarwal, Accountant Member

आयकर अपील सं./I.T.A. No.2545/Chny/2024
निर्धारण वर्ष/Assessment Year: 2017-18

Kali Manickam,
2/4 Nangathur, Easwaran Koil Street,
Villupuram 605 602, Tamil Nadu.

Vs. Income Tax Officer,
Ward 1,
Villupuram.

[PAN:CFWPM8941P]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri M. Rajesh Kumar, CA
प्रत्यर्थी की ओर से/Respondent by : Shri R. Raghupathy, Addl. CIT
सुनवाई की तारीख/ Date of hearing : 17.12.2024
घोषणा की तारीख /Date of Pronouncement : 31.12.2024

आदेश /O R D E R

PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:

This appeal by the assessee is directed against the order dated 08.08.2024 passed by the Id. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi for the assessment year 2017-18.

3. The assessee raised 9 grounds of appeal amongst which, the only issue emanates for our consideration as to whether the Id. CIT(A) is justified in confirming the estimation of net profit at 8% in the facts and circumstances of the case.

4. Brief facts leading the case are that the assessee is an individual and no return of income filed. The case of the assessee was reopened under section 147 of the Income Tax Act, 1961 ["Act" in short] and in response to which, the assessee filed his return of income declaring the income at ₹.25,45,530/- on the total receipts of ₹.7,41,67,973/-. The Assessing Officer completed the assessment under section 147 r.w.s. 144B of the Act dated 27.03.2022 assessing total income of the assessee at ₹.59,33,435/- being the profit estimated at the rate of 8% on the total business receipts. The Id. CIT(A) confirmed the assessment order.

5. The Id. AR Shri M. Rajesh Kumar, CA submits that the Id. CIT(A) rejected the tax audit report by ignoring the fact that the tax audit report was digitally signed by auditor. He further submits that the assessee is engaged in construction business and the expenses like wages/salary, purchase of materials, etc. are made in cash. It was submitted that the total income from business of the assessee is only between 3 to 5% and erroneously estimated the same at 8%. Since the Assessing Officer has not rejected the books of accounts of the assessee, the Id. AR prayed that the addition confirmed by the Id. CIT(A) may be deleted.

6. The Id. DR Shri R. Raghupathy, Addl. CIT supported the order passed by the Id. CIT(A).

7. Heard both the parties and perused the material available on record. In this case, the assessee is engaged in construction business. However, since the assessee could not produce salary register, GPF details, identity cards, Aadhar of employees, payments to labours, etc., the Assessing Officer estimated the net profit at 8% of the total receipts shown by the assessee. We note from para 5.4 of the impugned order that the assessee furnished ledger accounts in respect of salary/wages paid, purchases, transportation charges, vehicle maintenance charges, staff welfare, etc. and also furnished vouchers for the expenses incurred in cash. We note from para 5.5 of the impugned order that the Id. CIT(A) doubted the genuineness of the particulars filed in the audit report since the same was not signed by the CA. Before us, the Id. AR contended that the audit report was digitally signed by the auditor and the estimation of net profit of business income at 8% is at higher side. We find nothing was brought on record to show the net profit estimation at 8% is at higher side nor showing net profit of earlier years. Under the above facts and circumstances, we direct the Id. CIT(A) to verify the audit report and decide the issue of estimation of net profit afresh in accordance with law. The assessee is at liberty to furnish evidences, if any to substantiate his claim before the Id. CIT(A). Thus, the grounds raised by the assessee are allowed for statistical purposes.

8. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced on 31st December, 2024 at Chennai.

Sd/-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Sd/-
(S.S. VISWANETHRA RAVI)
JUDICIAL MEMBER

Chennai, Dated, 31.12.2024

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant,
2. प्रत्यर्थी/ Respondent,
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR &
5. गार्ड फाईल/GF.