

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'C' BENCH, CHENNAI
श्री एस.एस. विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष
Before Shri S.S. Viswanethra Ravi, Judicial Member &
Shri Amitabh Shukla, Accountant Member

आयकर अपील सं./I.T.A. No.2924/Chny/2024
निर्धारण वर्ष/Assessment Year: 2013-14

Narasingamurthy Elangovan,
56/115, Main Road, Kelaiyur,
Tirukoilur, Villupuram 605 757.

Vs. The Income Tax Officer,
Ward 1,
Villupuram.

[PAN:AAQPE4743E]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Ms. D. Nidhi Jain, CA
प्रत्यर्थी की ओर से/Respondent by : Ms. R. Anita, Addl. CIT
सुनवाई की तारीख/ Date of hearing : 21.01.2025
घोषणा की तारीख /Date of Pronouncement : 23.01.2025

आदेश /O R D E R

PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:

This appeal filed by the assessee is directed against the order dated 30.09.2024 passed by the Id. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi for the assessment year 2013-14.

2. At the outset, we note that the Assessing Officer received information that the assessee made cash deposit of ₹.1,03,60,875/- and did not file return of income. Against the notice issued under

section 148 of the Income Tax Act, 1961, the assessee filed his return of income showing total income of ₹.2,34,150/-. The assessee is a commission agent enrolled with Tirukoilur Market Committee. The assessee also filed bank statement of Laxmi Vilas Bank and City Union Bank. On going through the bank statements, the Assessing Officer noted that the total amount credited in Laxmi Vilas Bank account at ₹.26,71,464/- including cash amount of ₹.18,000/-. Further, the Assessing Officer also noted that total amount credited at ₹.2,08,94,996/- in City Union Bank account including total cash deposits at ₹.1,01,09,395/-. As per both the bank accounts statement, the total amount credited in bank accounts at ₹.2,35,66,460/- during the year under consideration. The assessee has not submitted profit and loss account to ascertain the income from trading activity of the assessee and commission activity. In the absence of the classification of the income earned by the assessee, the Assessing Officer treated the entire credit at ₹.2,35,66,460/- as total turnover of the assessee and estimated net profit at 8% of the total turnover at ₹.18,85,315/- and added to the total income of the assessee. With regard to the commission/brokerage income of ₹.4,530/- under section 194H of the Act, since the assessee has not submitted any explanation or details,

the Assessing Officer treated the same as unexplained income and added to the total income of the assessee. On appeal, the Id. CIT(A) confirmed the addition of ₹.18,85,315/- made towards net profit and also directed the Assessing Officer to verify the commission income of ₹.4,530/- and allow the same if the said amount is offered for tax in the return filed by the assessee in response to the notice under section 148 of the Act.

3. The Id. AR Ms. D. Nidhi Jain, C.A. submits that the assessee is a commission agent enrolled with Tirukoilur Market Committee and also submitted the confirmation given by the Superintendent of Marketing Committee issued on 08.03.2023 and also attached list containing detailed breakup of crop, date of purchase, no. of kgs/bags, party for whom purchased and the amount of purchase, which was duly attested by the Superintendent of Marketing Committee. She submits that the assessee received commission of 1% of the total purchase and vehemently argued that it is absolutely not possible to earn 8% commission on the total purchase as estimated by the Assessing Officer, which is exorbitant and prayed that the commission at 1% of the total purchase may be accepted.

5. The Id. DR Ms. R. Anita, Addl. CIT relied on the order of the Id. CIT(A).

6. Heard both the parties and perused the material available on record. We note that the assessee is a commission agent, which was also accepted by the Department in the assessment order for the AY 2018-19 placed at page 12-18 of the paper book. On perusal of the assessment order, we note that the Assessing Officer estimated the net profit at 8% of the total amount credited, since the assessee has not submitted profit and loss account to ascertain the income from trading activity of the assessee and from commission activity. However, we find that the estimation of 8% of total amount credited, which was confirmed by the Id. CIT(A), appears to be in higher side and there is no scope for earning commission at 8%. Thus, in the interest of natural justice, we hold that estimation of 3% of total amount credited would be fair and reasonable. Accordingly, the Assessing Officer is directed to estimate the net profit at 3% of total amount credited and delete the balance amount.

7. With regard to the commission/brokerage income of ₹.4,530/-, we find that the Id. CIT(A) has rightly directed the Assessing Officer to

verify as to whether the said amount has already been offered for tax and if so, directed the Assessing Officer to delete the addition. We find no reason to interfere with the above finding of the Id. CIT(A).

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

Order pronounced on 23rd January, 2025 at Chennai.

Sd/-
(AMITABH SHUKLA)
ACCOUNTANT MEMBER

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

Chennai, Dated, 23.01.2025

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.