

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**AMRITSAR BENCH, AMRITSAR**

**BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**  
**AND**  
**HON'BLE SHRI UDAYAN DAS GUPTA, JM**

(Hybrid Hearing)

**आयकरअपील सं. / ITA No.480/ASR/2024**  
**(निर्धारणवर्ष / Assessment Year: 2017-18)**

M/s C.L. Gulhati & Sons Ltd. National Garage, B.C.Road, Rehari, Jammu 180005.	<b>बनाम/ Vs.</b>	DCIT, Circle-1 Jammu.
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>AAACC-6577-F</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकीओरसे/ <b>Appellant by</b>	:	Shri Joginder Singh (CA) – Ld. AR
प्रत्यर्थीकीओरसे/ <b>Respondent by</b>	:	Shri Manpreet Singh Duggal – Ld. Sr. DR

सुनवाईकीतारीख/ <b>Date of Hearing</b>	:	26-03-2025
घोषणाकीतारीख / <b>Date of Pronouncement</b>	:	16-04-2025

**आदेश / O R D E R**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2017-18 arises out of an order of learned Commissioner of Income Tax (Appeals), dated 08-08-2024 in the matter of an assessment framed by Ld. AO on *best judgment basis* u/s 144 of the Act on 22-12-2019. The Ld. AR advanced arguments to assail the estimation made by Ld. AR whereas Ld. Sr. DR opposed any interference in the impugned

order. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under.

2. From case records, it emerges that the assessee failed to furnish return of income. The various notices issued by Ld. AO during the course of assessment proceedings remained un-responded. The assessee acted as authorized dealer of M/s Tata Motors Ltd. and it was dealing in heavy vehicles and passenger car division. The assessee also dealt in spare parts. It transpired that the bank credits were Rs.119.34 Crores which was stated to be out of regular business transactions. The assessee worked out total deposits of Rs.124.71 Crores. After adjusting inter-bank credits, net deposits were Rs.110.68 Crores. The assessee tabulated profitability for earlier years wherein the assessee reflected varying net profit rates. The rate of net profit for FY 2011-12 was 0.05% whereas the assessee had loss in FYs 2013-14 to 2015-16. The assessee pleaded for estimation of net profit rate as per past trends. Left with no option, Ld. AO estimated income of 1% against net deposits of Rs.110.68 Crores and assessed income of Rs.110.68 Lacs. The Ld. CIT(A), considering assessee's submissions, reduced the estimation to 0.5% against which the assessee is in further appeal before us.

3. From the fact, it clearly emerges that the assessee has miserably failed to comply with the statutory requirement of maintaining books of account as well as filing its Income Tax Returns despite having huge turnover. Under these circumstances, lower authority did not have any option but to estimate the income of the assessee. Except for past

trends of profitability, nothing has been placed before any of the lower authorities to show the quantum of income as earned by the assessee. Similar is the position before us. We find that there is no consistency in the past trends and the assessee has incurred profit in FYs 2011-12 & 2012-13 whereas it has incurred losses in subsequent years. This being the case, the onus was more on assessee to comply with statutory requirements. In the absence of such an exercise or any other material justifying adoption of past trends, the plea of Ld. AR for reduction in profit could not be accepted. The estimation as made by Id. CIT(A), in our opinion, is quite fair and reasonable considering the nature of assessee's business requiring no interference on our part.

4. The appeal stand dismissed.

*Order pronounced u/r 34(4) of Income Tax (Appellate Tribunal) Rules, 1963.*

Sd/-

(UDAYAN DASS GUPTA )

न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-

(MANOJ KUMAR AGGARWAL)

लेखा सदस्य / ACCOUNTANT MEMBER

Dated: 16-04-2025

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT
4. विभागीय प्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT AMRITSAR