

आयकर अपीलीय अधिकरण, जयपुर न्यायपीठ, जयपुर  
IN THE INCOME TAX APPELLATE TRIBUNAL, JAIPUR BENCHES, "B-BENCH" JAIPUR

श्री राठौड़ कमलेश जयन्तभाई, लेखा सदस्य एव श्री नरेन्द्र कुमार, न्यायिक सदस्य के समक्ष  
BEFORE: SHRI RATHOD KAMLESH JAYANTBHAI, AM & SHRI NARINDER KUMAR, JM

आयकर अपील सं./ITA No. 375/JPR/2025  
निर्धारण वर्ष /Assessment Year : 2020-21

M/s Baba Kanwar Ram Fruit Co. New Subzi Mandi, Alwar.	बनाम Vs.	The ITO, Ward-1(2), Alwar.
स्थायीलेखा सं./जीआईआर सं./PAN/GIR No.: AALFB0861F		
अपीलार्थी /Appellant		प्रत्यर्थी /Respondent

निर्धारिती की ओर से /Assessee by : Sh. P.C. Parwal, C.A.  
राजस्व की ओर से /Revenue by: Sh. Gorav Avasthi, JCIT

सुनवाई की तारीख /Date of Hearing : 26/05/2025  
उदघोषणा की तारीख /Date of Pronouncement: 26/05/2025

आदेश /ORDER

PER: Narinder Kumar, Judicial Member

Appellant-assessee is a firm. It has challenged order dated 20.02.2025, passed by Learned CIT(A), National Faceless Appeal Centre, Delhi (in short "NFAC") u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as "the Act")

The matter pertains to the assessment year 2020-21.

The assessee was before NFAC, feeling aggrieved by the assessment order dated 05.09.2022, passed by the Assessing Officer.

Vide impugned order, Learned CIT(A) dismissed the appeal filed by the assessee and consequently upheld the addition made.

2. As regards the addition, vide impugned order dated 05.09.2022, the Assessing Officer assessed total income of the assessee by making addition as depicted in the table below:-

Sl. No.	Description	Amount (in INR)
1.	Income as per return of income filed	19,46,350/-
2.	Income as computed u/s 143(1)(a)	19,46,350/-
3.	Add: disallowance of the discount paid	49,16,194/-
4.	Total income/loss determined as per the above proposal	68,62,544/-

3. From the above said table, it is available that the Assessing Officer disallowed a sum of Rs. 49,16,194/- claimed by the assessee by way of discount expenses.

4. Since, the impugned assessment order has been upheld the assessee is feeling dissatisfied, present appeal has been argued.

5. Arguments heard. File perused.

6. In the course of arguments, Ld. AR for the appellant has candidly admitted that during assessment proceedings, as regards some of the

parties, namely, Suhel Singh and Company, Milap Indor, Sachin Bhimraj Deshmukh and Nandi Onion, Jalandhar, the assessee had furnished only concise ledger account, which did not contain, and as such, did not depict any entry relating to commission, what to say of any such discount.

Further submission of Ld. AR for the appellant is that in the paper book submitted before this Appellate Tribunal, the assessee has submitted copies of ledger accounts of Suhel Singh and Company, Milap Indor, Sachin Bhimraj Deshmukh and Nandi Onion, Jalandhar, and that to enable the AO to verify transactions recorded therein, and pass appropriate fresh orders on verified facts, matter may be remitted to the Assessing Officer.

7. As regards the above submission put forth by Ld. AR for the appellant, Ld. DR for the department submits that had complete record, instead of concise ledger accounts been made available by the assessee to the Assessing Officer, relevant transactions could be verified, but since the same were not produced, the Assessing Officer could had no opportunity to verify the same, and as such, the matter may be remitted to the Assessing Officer for verification of said facts and decide the matter afresh.

8. As is available from the assessment order, the assessee is engaged as commission agent, as regards onions. For the assessment year 2020-

21, the assessee declared its total income of Rs. 19,46,350/- as per return of income.

Admittedly, the case was selected for scrutiny under CASS, notice u/s 143(2) of the Act was issued on 29.06.2021, followed by other notices u/s 142(1) of the Act. Complete scrutiny was to be made due to following two reasons:-

- High value cash withdrawals reported in SFT or u/s 194N (business return)
- Low income compared to large commission receipt.

As per case of the department, on perusal of profit and loss account of the assessee for the assessment year 2020-21, it transpired that the assessee had debited a sum of Rs. 49,16,940/- towards discount expenses and claimed the same amount as expenditure.

Vide notice dated 08.07.2022 issued u/s 142(1) of the Act, the assessee was asked by the department to justify the above said claim of discount expenses, by providing evidence, especially when the assessee was not depicting total purchase and sales in its books of accounts. However, the assessee did not submit any reply to the said notice. It was only on 08.08.2022, that the assessee submitted its reply to another letter issued to the assessee on 21.07.2022. Therein, the assessee claimed that

the said firm has been charging commission generally @ 6% of the turnover on receipt of payments as per market guidelines, and that the assessee was required to pay discount @ 2% to such persons. In support of said claim, the assessee relied on confirmation letter issued by Alwar Fruit and Vegetable Association.

In this way, the assessee claimed that the aforesaid amount of Rs. 49,16,194/- was the discount given as regards the commission amount paid to the assessee.

The Assessing Officer considered the above said reply of the assessee and rejected the same.

As observed by the Assessing Officer, the confirmation letter issued by association of Alwar Fruit and Vegetable market was only a declaration having no evidentiary value attached to it, the reason being that the said association was not taking part in the business of the assessee.

Another ground for rejection of the claim was that the assessee did not furnish any copy of agreement from the persons from whom it had received commission, and to whom it claimed to have given discount. Furthermore, no confirmation letter from the said party was filed by the assessee. The Assessing Officer was of the view that the assessee failed to establish as to what was need for grant of discount to the parties making

payment of commission, which made the said expenses to be abnormal having regard to the total commission of Rs. 1,47,29,746/-.

9. In para 3.4 of the assessment order, the Assessing Officer observed that the assessee had submitted confirmation of ledger only from some of concerned parties, but a perusal of the said confirmation revealed that major ledgers were found not containing any entry in respect of grant of discount, for example, the case of ledger confirmation submitted by Shri Sachin Bhimraj Deshmukh. Furthermore, the books of account of the assessee did not prove payment or adjustment of any amount by way of discount to its customers.

By way of another example, reference was made to the extracts from the ledgers of Nandi Opinion Jalandhar and Suhel Singh & Co. submitted by the assessee on 08.08.2022, which were also found not having any entry in respect of grant of any such discount.

10. The Assessing Officer also observed in the assessment order that unless the assessee furnished documentary evidence, in support of its case as regards discount, the claim of the assessee could not be

investigated, especially when the assessee was required to prove genuineness of such like expenses during each financial year.

The Assessing Officer ultimately held that the assessee had failed to prove grant of any such discount. Accordingly, the assessment order leading to addition of Rs. 49,16,149/- was passed.

11. When the matter came up before NFAC, Learned CIT(A) was also of the opinion that the assessee had failed to discharge its onus regarding genuineness of payments, and accordingly, upheld disallowance of said expenditure as claimed by the assessee.

12. As noticed above, in the course of arguments, Ld. AR for the appellant has candidly admitted that during assessment proceedings, as regards some of the parties- Suheld Singh and Company, Milap Indor, Sachin Bhimraj Deshmukh and Nandi Onion, Jalandhar, the assessee had furnished only concise ledger accounts, which neither contained nor depicted any entry of commission, what to say of discount. As such, the transactions recorded in the copies of ledger accounts of Suhel Singh and Company, Milap Indor, Sachin Bhimraj Deshmukh and Nandi Onion, Jalandhar, subsequently submitted with the paper book, need to be verified

for the purposes of payments of commission to the assessee, and grant of discount by said parties by the assessee.

In the given situation, when Ld. AR for the appellant and Ld. DR for the department are in agreement that the transactions said to have been depicted in the ledger accounts of the parties, named above, need to be verified by the Assessing Officer, matter needs to be remanded to the Assessing Officer for verification of the relevant entry, as regards payment of commission made to the assessee, and the discount expenses incurred by the assessee.

### **Result**

14. In the given facts and circumstances, this appeal is disposed of for statistical purpose, and while setting aside the impugned order passed by Learned CIT(A), NFAC, the matter is remanded to the Assessing Officer with direction that he verifies, and takes into consideration the relevant entries said to have been shown in the ledger accounts of the above said persons, as regards granting/availing of discounts, after summoning the relevant parties for the purpose of verification of the said fact, if so desired, provide a reasonable opportunity of being heard to the assessee and then decide the matter afresh as regards grant of discount/ discount expenditure by the assessee on the amount of commission received.

The matter is restored to the files of Assessing Officer with direction to decide said issue afresh and pass assessment order afresh, after affording reasonable opportunity of being heard to the applicant, in accordance with law.

File be consigned to the record room after the needful is done by the office.

Order pronounced in the open court on 26/05/2025.

Sd/-

(राठौड़ कमलेश जयन्तभाई )  
(RATHOD KAMLESH JAYANTBHAI)  
लेखा सदस्य / Accountant Member  
जयपुर / Jaipur  
दिनांक / Dated:- 26/05/2025

\*Santosh

आदेश की प्रतिलिपिअग्रेषित / Copy of the order forwarded to:

1. The Appellant- M/s Baba Kanwar Ram Fruit Co., Alwar.
2. प्रत्यर्थी / The Respondent- ITO, Ward-1(2), Alwar.
3. आयकर आयुक्त / The Id CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, जयपुर / DR, ITAT, Jaipur
5. गार्ड फाईल / Guard File ITA No. 375/JPR/2025)

Sd/-

(नरेन्द्र कुमार)  
(NARINDER KUMAR)  
न्यायिक सदस्य / Judicial Member

आदेशानुसार / By order,

सहायक पंजीकार / Asstt. Registrar