

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH**

**BEFORE SHRI GEORGE GEORGE K., VP
AND SHRI INTURI RAMA RAO, AM**

**ITA No. 954 /Coch/2024
Assessment Year: 2018-19**

Haseena Mehboob Appellant
3/434B, Ripples, Pooladikunnu. Elathur
Kozhikode 673303
[PAN: AFGPM0200F]

vs.

The Income Tax Officer, Ward -1(1), Kozhikode..... Respondent

Appellant by: Shri G. Surendranath Rao, CA
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 13.05.2025
Date of Pronouncement: 16.05.2025

ORDER

Per: Inturi Rama Rao, AM

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)], dated 01.05.2024 for Assessment Year (AY) 2018-19.

2. Brief facts of the case are that the appellant is an individual deriving income from agriculture. Return of income for AY 2018-19 was filed declaring agricultural income of Rs.83,76,491/-. Against the said return of income, the assessment was completed by the Income Tax Officer, Ward-1(1), Kozhikode (hereinafter called "the

AO") vide order dated 02.03.2021 passed u/s. 143(3) r.w.s. 143(3A) & 143(3B) of the Income Tax Act, 1961 (the Act) after making addition of Rs. 96,01,431/- treating the entire gross proceeds from agricultural activities as unexplained income of the appellant.

3. Being aggrieved, an appeal was filed before the CIT(A), contending that the appellant is holding around 87 acres of agricultural land cultivating crops like coconut, pepper, coffee, etc. Coffee is cultivated in 75 acres and coconut in the remaining 12 acres. Pepper is cultivated as an intercrop in the coffee estate. It is further submitted that once the coconut saplings start to yield crops, there is no major expenditure other than occasional wages for manuring and plucking. The appellant further contested that the AO ought not have treated the entire agricultural income returned by the appellant as unexplained credit u/s. 68 of the Act. The CIT(A), considering the above submissions held that taking into consideration that the crop produce is higher by 25% as compared to the immediate preceding year, the profit from agriculture is estimated at Rs. 18,57,471/- and the balance addition of Rs. 65,19,020/- is confirmed.

4. Being aggrieved, the appellant is in appeal before us in the present appeal.

5. At the outset, we find that there is a delay of 144 days in filing the present appeal. It is submitted that the delay had occurred as the

appellant was not aware of the order passed by the CIT(A) as the order was served through ITBA portal. The appellant was not in the habit of checking the ITBA portal on regular basis as she is not conversant with computer operations. The appellant had come know of this order passed by the CIT(A) only after receipt of the consequential order passed in October, 2024. The delay is not willful or deliberate. Therefore it is prayed that the delay in filing the appeal may be condoned and the appeal may be admitted for adjudication. On a perusal of the averments made in the condonation petition, it is evident that the appellant is prevented by reasonable cause from filing the appeal. Therefore, we condone the delay and admit the appeal for adjudication.

6. The learned counsel for the assessee submits that the CIT(A) grossly erred in estimating the agricultural income at 125% of agricultural income for the immediately preceding year without appreciating the facts of the case in the proper perspective. He further submits that the appellant had submitted bills in respect of sale of agricultural produce to the extent of Rs. 61,54,431/- out of the total agricultural income of Rs. 96,01,431/-. Without considering these evidences, the CIT(A) simply confirmed the addition. He further submits that the AO was not justified in making the addition of the credits in the pass book invoking provisions of section 68 of the Act and the CIT(A) not empowered to confirm the addition under a different section.

7. On the other hand, the ld. Sr. DR, placing reliance on the orders of the lower authorities submits that no interference is called for.

8. We have heard rival contentions and perused the material available on record. The issue that arose for our consideration is determination of income from sale of agricultural produce. The material on record clearly indicates that the appellant is an agriculturist growing crops of coffee, coconut and pepper on the land admeasuring 87 acres. The appellant had shown agricultural income of Rs. 83,76,491/- against the gross receipts from agricultural produce of Rs. 96,01,431/- after claiming deduction of Rs. 12,24,940/-. The AO treated the entire gross receipts from agricultural produce of Rs. 96,01,431/- as unexplained money of the assessee. On appeal before the CIT(A), the CIT(A) estimated the agricultural income at 125% of the agricultural income shown in the earlier year, thus estimated the agricultural income for the year under consideration at Rs. 18,57,471/-. Thus he confirmed the addition of Rs. 61,51,431/- as no evidence was placed on record with regard to the expenditure incurred on earning the said agricultural income. In these circumstances, we are of the considered opinion that drawing guidance from provisions of Rule 7B of I.T. Rules, which prescribes the method of computation of income from sale of coffee, 25% of the gross produce may be treated as business income, i.e. Rs. 24,00,358/- and the balance

income of Rs. 72,01,076/- may be treated as agricultural income.
Thus, the addition is restricted to Rs. 24,00,358/-.

9. In the result, the appeal filed by the assessee stands partly allowed.

Order pronounced in the open court on 16th May, 2025.

Sd/-
GEORGE GEORGE K.
VICE PRESIDENT

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 16th May, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar
ITAT, Cochin