

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं
श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष

BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER

आयकर अपील सं./ITA Nos.133 to 135/Chny/2025
निर्धारण वर्ष/Assessment Years: 2013-14 to 2015-16

Varadharajaperumal Pradeepkumar, 1109 Block 63, VOC Nagar, Tondiarpet, Chennai-600 081.	v.	The ITO, Non-Corporate Ward-5(1), Chennai.
[PAN: AQBPP 7805 M]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Ms.Vardini Karthik, Advocate
प्रत्यर्थी की ओर से /Respondent by	:	Ms.Gouthami Manivasagam, JCIT
सुनवाईकीतारीख/Date of Hearing	:	08.05.2025
घोषणाकीतारीख /Date of Pronouncement	:	04.06.2025

आदेश / ORDER

PER ABY T. VARKEY, JM:

These are appeals preferred by the assessee against the order of the Learned Commissioner of Income Tax (Appeals)/NFAC, (hereinafter referred to as "the Ld.CIT(A)"), Delhi, dated 01.07.2024 & 05.07.2024 [separate orders] for the Assessment Years (hereinafter referred to as "AY") 2013-14 to 2015-16.



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2. At the outset, it is noted that there is a delay of '112' days in filing of the appeals. The assessee has explained the cause for the delay and therefore, we excuse the delay in filing of appeals for '112' days and proceed to hear the appeals on merits.

3. Both parties agreed that identical issues are permeating in all the three appeals and therefore, appeal related to AY 2013-14 is taken as the lead case, the result of which will be followed for the other two assessment years.

4. At the outset, it is noted that even though the assessee has raised several issues and has raised eight (8) grounds of appeal but before us has pressed only the impugned estimation of income on turnover of assessee at comparable/reasonable rate; and on this issue has brought to our notice that the AO has estimated the income of the assessee at 2% of undisclosed turnover; whereas the Ld.CIT(A) has restricted the same by passing the impugned order by estimating it @ 1% [i.e. net profit @1% of the 'undisclosed turnover']. Still not satisfied, the assessee is before us assailing that estimation of 1% of the undisclosed turnover is on the higher side and prays for reasonable estimate.

5. The brief facts related to AY 2013-14 are that the assessee claims to be doing in the business of Door-To-Home (DTH) and also do recharging of cell-phones to service provider of Airtel, Reliance, etc.



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According to the assessee, he also sells fun school toys. According to the assessee, he had been depositing all the business collection in three banks [four accounts] in ICICI, Kotak Mahindra & HDFC Bank. According to the assessee, he had been transferring funds from one bank to another bank and by doing such practice, there had been many duplications of amounts.

6. For AY 2013-14, the department noted that the assessee has been carrying out huge transactions in his bank account, but didn't file any return of income (RoI). Therefore, the AO issued notice u/s.148 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') dated 29.03.2021 and noted that the assessee failed to file his RoI and therefore, asked the assessee to submit the details of cash deposits in his four bank accounts maintained with three different banks. The AO also issued notice to the bank u/s.133(6) of the Act and thereafter noted that the total deposit in four banks was to the tune of Rs.6,55,91,614/- whereas assessee had filed computation of income for AY 2013-14 along with belated Audit Report which has shown net profit of Rs.3,73,741/- on sale of Rs.1,36,57,210/- and income from other sources (FD) at Rs.2,347/-. The AO further noted at Para No.6.1 of his order that the assessee has offered business income of Rs.3,71,394/- on sale of Rs.3,84,49,750/-, thereafter, the AO is noted to have analyzed the banks statement of the assessee and found that the total accumulated credits



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reflected in four bank accounts of the assessee was to the tune of Rs.6,55,91,614/- whereas the assessee has shown total sales of Rs.5,21,06,960/- [Rs.1,36,57,210/- **plus** Rs.3,84,49,750/-]. Thus, according to the AO, assessee has not shown Rs.1,34,84,654/- [Rs.6,55,91,614/- **minus** Rs.5,21,06,960/-]. Therefore, the AO considering the nature of the business activity carried out by the assessee, estimated 2% margin of profit as earned by the assessee on the 'undisclosed turnover' of Rs.1,34,84,654/- which was worked out at Rs.2,69,693/- which was added back to the total income of the assessee. Thus, the total assessed income was computed at Rs.6,43,434/- in place of Rs.3,73,741/- as noted from the computation provided by the assessee.

7. Aggrieved, the assessee preferred an appeal before the Ld.CIT(A) who after considering the submissions of the assessee was pleased to restrict the net profit @1% on the 'undisclosed turnover' of Rs.1,34,84,654/- i.e. Rs.1,34,846/- and thus, given relief of Rs.1,34,846/- by partially allowing the appeal of the assessee. Still not satisfied, the assessee is before us. The Ld.AR, Ms. Vardini Karthik, Advocate, assailing the action of the Ld.CIT(A) submitted that the estimation of income @1% was on the higher side and considering the business of the assessee i.e. cell-phone recharging of service provider Airtel, JIO, etc., she pleaded that the net profit to be brought down to



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0.5%. According to her, the Ld.CIT(A) has not considered the fact that there were many duplicate entries in the bank accounts since assessee has been transferring funds from one bank to another bank. According to her, the assessee due to ill-health and other family problems couldn't file RoI before the due date and therefore, pursuant to the notices issued by the AO, has filed belated return; and explained that the assessee used to collect cash from the customers [for recharge of cell-phones] and used to deposit the same into her bank accounts and thereafter, remitted/transferred it to Airtel, Reliance, etc for a meager commission; and in order to buttress this fact had filed the bank statement, income computation, balance sheet and P&L a/c for all the three (3) years. However, according to the Ld.AR, the AO has arbitrarily computed the net profit @2% on the 'undisclosed turnover' of the assessee which is unreasonable and assessee doesn't earn such profit from this business and she pleaded that the net profit be restricted at 0.5% to 0.6% rather than 1% as restricted by the Ld.CIT(A).

8. Per contra, the Ld.DR submitted that the Ld.CIT(A) has given maximum relief to the assessee by restricting the net profit @1% of the 'undisclosed turnover' whereas the AO had estimated it @2%. According to the Ld.DR, the assessee has been a non-filer of RoI and only after issuing notice u/s.148 of the Act, the assessee had filed the belated



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return and computation, etc., and therefore, the action of the Ld.CIT(A) doesn't require any interference from our side.

9. We have heard both the parties and perused the material available on record. The aforesaid facts are not repeated for the sake of brevity. The only issue that has been canvassed before us is regarding the estimation of turnover on the 'undisclosed turnover' as found by the AO/Ld.CIT(A). It is noted that the assessee was having two bank accounts in ICICI bank and one bank account each in Kotak Mahindra & HDFC. The assessee is noted to have offered business income of Rs.3,71,394/- on turnover of Rs.5,21,06,960/- whereas the total credits in the four bank accounts were to the tune of Rs.6,55,91,614/-. Therefore, the AO found that the assessee has not shown any net profit from Rs.1,34,84,654/- [Rs.6,55,91,614/- **minus** Rs.5,21,06,960/-]. Considering the business activity carried out by the assessee, he was of the view that the assessee could have earned 2% margin of profit from 'undisclosed turnover' and thus, computed 2% of Rs.1,34,84,654/- which was computed at Rs.2,69,693/- and added to the total income of the assessee. On appeal, the Ld.CIT(A) noted that the assessee had challenged the AO applying the net profit @2% on the 'undisclosed turnover' of Rs.1,34,84,654/- by claiming various duplicate entries in the bank accounts, which the AO has not considered while computing the total turnover and pleaded for net profit @0.5% instead of 2% which



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assessee submitted it to be high in the business of recharge of cell-phones. However, the Ld.CIT(A) noted that the assessee, in the first place, has not filed any RoI and had filed only after issuance of notice for re-opening of assessment u/s.148 of the Act; and thereafter, pursuant to notice u/s.142(1) of the Act, only the assessee filed computation of income showing Rs.3,73,741/- as his income and that the AO has taken sales base income and has thereafter added the net profit on the turnover not considered in the computation. The Ld.CIT(A) has also found that during the appellate proceedings, the assessee didn't file any computation or evidences to show that the total turnover as taken note by the AO at Rs.6,55,91,614/- was incorrect because of duplicate entries in the bank accounts. After considering the aforesaid facts, the Ld.CIT(A) has restricted the net profit @1% instead of 2% on the 'undisclosed turnover' of Rs.1,34,84,654/- and gave partial relief to the assessee. Even though, the Ld.AR vehemently pleaded to restrict the estimation to 0.5%, we are unable to heed to such a plea in the absence of comparable cases. Hence, we don't find any reason to tinker with the estimate made by the Ld.CIT(A). Therefore, finding no infirmity in the impugned action of the Ld.CIT(A), we uphold the same. And therefore, the appeal of the assessee stands dismissed.



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10. For AY 2014-15 & 2015-16, since there is no change in facts or law, on the same reasoning as given for AY 2013-14, the appeals preferred by the assessee stands dismissed.

11. In the result, appeals filed by the assessee are dismissed.

Order pronounced on the 04th day of June, 2025, in Chennai.

Sd/-
(मनोज कुमार अग्रवाल)
(MANOJ KUMAR AGGARWAL)
लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-
(एबी टी. वर्की)
(ABY T. VARKEY)
न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,
दिनांक/Dated: 04th June, 2025.
TLN

आदेश की प्रतिलिपि अग्रेषित /Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF