

**IN THE INCOME TAX APPELLATE TRIBUNAL
JODHPUR BENCH (Virtual) JODHPUR**

**BEFORE SHRI RAJPAL YADAV, HON'BLE VICE PRESIDENT AND
DR. MITHA LAL MEENA, HON'BLE ACCOUNTANT MEMBER**

**ITA No. 23/Jodh/2024
Assessment Year 2018-19**

Rahul Joshi House No. 3B-216, Sudarshan Nagar, Bikaner – 334001. PAN No. APXPJ3661G		ITO, Ward-1(2), Bikaner.
Assessee by	Shri S.L. Harsh, Advocate.	
Revenue by	Shri Karni Dan, Addl. CIT- D.R.	
Date of Hearing	30.04.2025.	
Date of Pronouncement	27.05.2025.	

ORDER

PER DR. MITHA LAL MEENA, A.M.:

This Appeal by the assessee is directed against the order of National Faceless Appeal Central, Delhi (hereinafter referred to as “NFAC/CIT(A)”) dated 31.03.2024 in respect of assessment year 2018-19 challenging therein applicability of special Tax Rate u/s 115BBE of the act as against Normal Tax rate on business income claimed to be earned on Bitcoin Trading Activity.

2. There is a delay of 191 days in filing the appeal. The Ld. AR for the assessee submitted in reasons for delay in filing the appeal that since the appeal effect was given with zero tax liability vide order dated 25.04.2024, within the period



of 60 days, appeal was due to be filed i.e. upto 1.6.2024 and hence assessee was under Bonafide belief that his appeal was accepted in toto. However, after revised appeal effect dated 12-11-2024 by jurisdictional AO and a show cause notice for penalty proceedings, the assessee has noticed an ambiguity in the order and immediately filed the appeal with an application for condoning the delay for admitting appeal on merits. The Ld. Addl CIT (DR) has not controverted the contention of the assessee and therefore, considering genuine and bonafide reasons, the delay is condoned and appeal admitted on merits.

3. We have heard both the sides and perused the material available on record. We find that Id. CIT(A) has rejected the appeal of the assessee by observing that perusal of the information available on the insight portal reveals that the assessee has made trading in bitcoins to the extent of Rs. 10,14,117/- during the Financial Year 2017-18 and that in absence of any details about the trading in bitcoins, the amount of Rs. 10, 14,117/- was treated as assessee's unexplained investments u/s.69 of the Income tax Act, 1961 for the AY 2018-19. In our view, the Ld. CIT (A)/NFAC's observation are self-contradictory because primarily, he has observed that the assessee has made trading in bitcoin amounting to turn over of Rs.10,47,117/- and later he has concluded that in absence of any details about the trading in bitcoins, the amount of Rs. 10, 14,117/- was treated as assessee's unexplained investments u/s.69 of the



Income tax Act, 1961 without mentioning the factual details of the particulars called for.

4. The Ld AR argued that CIT(A) erred in upholding the additions partly amounting to Rs. 2,49,364.00 in assessment order passed by National Faceless assessment Centre, Delhi out of business activities i.e. regular Rs business for the year under reference however the special rate of tax u/s 115BBE has been applied without considering threshold limit of income tax. It is evident from the record that the assessee has earned Business profit of Rs. 2,49,364.00/- from bitcoin currency Trading Turnover activity of Rs.10,47,117/-. Although, Bitcoin is a capital asset and for the purpose of applicability of Section 115BBE, the Department deemed to have established that the assessee had made unexplained investment in the capital asset or there was a transfer of capital asset by rebutting business activity with support of material evidence on record, but it failed.

5. From the record, it is evident that the assessee was engaged in the regular business Trading activity as also observed by the Ld. CIT (A)/NFAC while restricting the addition as under:

5.2.2 Overall profit from cryptocurrency trading is Rs. 2,49,363.63 /(Rs. 34,719.03 + Rs. 2,14,644.60/-). Therefore, it is evident from the information available on record that the overall profit from bitcoin trading is only Rs. 2,49,364/- against the addition of Rs. 10, 14,117/-.



5.2.3 In view of above, I hereby restricts the addition made by the Id. AO u/s. 69 of the Income Tax Act to Rs. 2,49,364/-. The grounds of appeal is partly allowed.

6. It is settled principle of law that in case of business profit earned from a trading Activity, the tax is chargeable at Normal Tax Rates. Accordingly, we direct the AO to charge tax at normal tax rate on the profit of Rs. 2,49,364/- earned by the assessee from bitcoin trading.

7. In the backdrop of the aforesaid discussion and observation, the appeal of the assessee is allowed in the manner as above.

Order pronounced on 27/05/2025 in the open Court.

Sd

(RAJPAL YADAV)
VICE PRESIDENT

Dated : 27/05/2025

Sd

(DR. MITHA LAL MEENA)
ACCOUNTANT MEMBER

Copies to :

- (1) The appellant.
- (2) The respondent.
- (3) CIT
- (4) CIT(A)
- (5) Departmental Representative
- (6) Guard File

By Oder
Assistant Registrar,
Income Tax Appellate Tribunal,
Jodhpur Bench,
Jodhpur.