

**IN THE INCOME TAX APPELLATE TRIBUNAL
JAIPUR “SMC” BENCH : JAIPUR**

BEFORE DR. MANISH BORAD, ACCOUNTANT MEMBER
(Through virtual hearing)

I.T.A.No.184/JPR/2025
(Assessment Year : 2019-2020)

Govind Prasad Jain, Ganesh Mawa Centre, Dausa Bus Stand, Behind Asha Hotel, Bajaria, Sawai Madhopur, Rajasthan. PAN : AJGPJ 7012 C (Appellant)	vs.	ACIT, Central Circle, Kota. (Respondent)
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For Assessee :	Shri Neeraj Jain, AR
For Revenue :	Shri Gautam Singh Choudhary, JCIT-DR

Date of Hearing :	03.07.2025
Date of Pronouncement :	14.08.2025

ORDER

This appeal at the instance of the assessee for the Assessment Year 2019-20 (A.Y.) is directed against the order of Ld. Commissioner of Income Tax (Appeals), Udaipur-2 [“CIT(A)”], dated 18/12/2024 framed u/s. 250 of the Income Tax Act, 1961 (for short, 'the Act').

2. The sole grievance of the assessee is against the findings of the Ld.CIT(A) sustaining the addition of Rs. 11,34,452/- for the income alleged to be earned as unrecorded sales.

3. At the outset, learned counsel for the assessee submitted that Ld.CIT(A) erred in applying gross profit rate of @25% on the unrecorded sales in spite of the fact that there are no unrecorded sales because the sales are duly declared in the GST return are

duly offered to tax u/s. 44AD of the Act under the presumptive taxation scheme. He further made alternative prayer that gross profit @25% is much higher and the Ld.CIT(A) ought to have calculated the profit @8%.

4. On the other hand, ld.DR supported the order of the Ld.CIT(A).

5. I have heard rival contentions and perused the record placed before me. The assessee is an individual engaged in the business of dairy items like Mawa, Sweet, Vegetables & Ghee etc. A survey u/s. 133A of the Act conducted on the sole proprietorship concern M/s.Agarwal Trading Company& M/s. Ganesh Mawa Center, Sawai Madhopur on 06/02/2019 and the survey team found evidence of unaccounted sales. The assessee offered undisclosed income of Rs.25,37,807/- for taxation on account of unaccounted sales. The assessee furnished the return of income on 16/07/2019 for A.Y. 2019-20 declaring income of Rs. 11,29,380/-, but did not offer undisclosed income of Rs. 25,37,807/- in the return. Scrutiny proceedings were carried out. The assessee through his AR contended that there are no unrecorded sales because the profit on presumptive taxation basis has been offered on the total sales declared in the GST return. The Ld.AO was not satisfied and made the addition for unaccounted sales of Rs. 25,37,807/-.

6 Being aggrieved by the order of the Ld.AO, the assessee carried the matter to the Ld.CIT(A), who observed that the claim of the assessee with regard to sales, as per impounded documents, has already been rejected, but so far as computing the profits on

unrecorded sales, the Ld.CIT(A) gave deduction of Rs. 5,00,000/- for the initial purchase and then applied 25% of gross profits on alleged unaccounted sales Rs.6,34,452/- (25% of Rs. 25,37,807/-) and along with the purchases of Rs. 5,00,000/- being not recorded in books, sustained the addition of Rs. 11,34,452/-.

7. From going through the return of income and the details found during the course of survey proceedings, I find that the assessee is regularly carrying out the business for past many years. The assessee is registered with the Goods & Service Tax (GST) department and filing the quarterly returns. The sale register is maintained and is placed at page No. 38-52 of the paper book. In the income tax return, turnover declared by the assessee is at Rs. 1,46,71,291/- and the profit of Rs. 12,57,704/- is declared. The Ld.CIT(A) has adopted the estimated figure of unrecorded purchases of Rs. 5,00,000/-, but without support of any evidence or document found during the course of survey. Therefore, this addition of Rs. 5,00,000/- for unrecorded purchases is not justified and is hereby deleted.

8. So far as the gross profit margin @ 25% calculated on unrecorded sales is concerned, considering the contention of the assessee and the net profit rate regularly offered for tax, deem it appropriate that net profit estimation of 10% on the alleged unrecorded sales of Rs. 25,37,807/- would be justified. Accordingly, addition of Rs. 2,53,781/- is sustained as against Rs.11,34,452/- sustained by the Ld.CIT(A). The assessee gets further relief of Rs. 8,80,671/- Ground Nos.1 to 3 are partly

allowed as per the terms indicated above. Ground No.4 is general in nature, which needs no adjudication.

9. In the result, appeal of the Assessee is partly allowed as per the terms indicated above.

Order pronounced in the open Court on 14.08.2025.

Sd/-
[MANISH BORAD]
ACCOUNTANT MEMBER

Dated : 14th August, 2025

vr/-

Copy to

1.	The appellant
2.	The respondent
3.	The CIT(A), Jaipur concerned.
4.	D.R. ITAT, SMC Bench, Jaipur.
5.	Guard File.

//True Copy //

By Order

Assistant Registrar,
ITAT, Jaipur