

IN THE INCOME TAX APPELLATE TRIBUNAL
'DB', AMRITSAR BENCH, AMRITSAR

HYBRID HEARING

BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM
AND
HON'BLE SHRI UDAYAN DAS GUPTA, JM

आयकर अपीलसं./ ITA No. 441/ASR/2024
(निर्धारणवर्ष / Assessment Year: 2017-18)

M/s EEH EFF Brothers Sarai Payeen Amirakadal Srinagar (J&K)	बनाम/ Vs.	ITO Ward-1 Srinagar.
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AAGFE-1269-B		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

अपीलार्थीकीओरसे/ Appellant by	:	Sh. Bashir Ahmad Lone (CA) –Ld.AR
प्रत्यर्थीकीओरसे/ Respondent by	:	Sh. Charan Dass (Addl. CIT) – Ld. DR

सुनवाईकीतारीख/ Date of Hearing	:	04-08-2025
घोषणाकीतारीख / Date of Pronouncement	:	18-08-2025

आदेश / O R D E R

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid appeal by assessee for Assessment Year (AY) 2017-18 arises out of an order of Ld Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 07-06-2024 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 26-12-2019. The sole grievance of the assessee-firm is estimation of business income. Having heard rival submissions and upon perusal of case records, the appeal is disposed-

off as under. The registry has noted delay of 10 days in the appeal which stand condoned.

2. The assessment has been framed on best judgment basis wherein the assessee was directed to explain the source of cash deposit of Rs.12.89 Lacs in its bank account during demonetization period. In the absence of any reply as forthcoming from the assessee, Ld. AO rejected the books u/s 145(3) and estimated income of 8% on gross receipts of Rs.258.94 Lacs which came to Rs.20.71 Lacs.

3. During first appeal, the assessee stated that the deposits were out of business receipts. The assessee also assailed estimation of 8% on the ground that it earned book profit of 1.10% in FY 2014-15 and 1.50% in FY 2015-16. The Ld. CIT(A) concurred that the assessee was trading in cloth and accordingly, it estimated Gross Profit (GP) rate of 5%. Still aggrieved, the assessee is in further appeal before us.

4. It is undisputed fact that the assessee is engaged in trading and Ld. AO has estimated business income. The existence of business is not in dispute. The GP chart as extracted in the impugned order would show that the assessee has earned book profit of less than 2% in earlier years. The case for AY 2015-16 was scrutinized u/s 143(3) on 10-11-2017 wherein returned income has been accepted. On these facts, we direct Ld. AO to estimate net income of 2% of turnover and re-compute the income of the assessee. No other ground has been urged in the appeal.

5. The appeal stand partly allowed.

Order pronounced u/r 34(4) of Income Tax (Appellate Tribunal) Rules, 1963.

Sd/-
(UDAYAN DAS GUPTA)
JUDICIAL MEMBER

Sd/-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Dated: 18-08-2025

आदेश की प्रतिलिपि अग्रेषित /Copy of the Order forwarded to :

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT AMRITSAR