

आयकर अपीलीय अधिकरण, विशाखापटणम पीठ में  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Visakhapatnam Bench**

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य  
**SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER**  
**AND**  
**SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**

आयकर अपीलसं./I.T.A.Nos.478 and 479/Viz/2025  
(निर्धारण वर्ष/ Assessment Years: 2022-23 and 2023-24)

Sri Lakshmi General Stores, Guntur.  PAN : AAZFS1371H <b>(अपीलार्थी/ Appellant)</b>	Vs.	The Income Tax Officer, Ward-1(1), Guntur.  <b>(प्रत्यर्थी/ Respondent)</b>
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri GVN Hari, Advocate.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr. Aparna Villuri, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	15.10.2025
घोषणा की तारीख/ Date of Pronouncement	:	29.10.2025

**ORDER**

**PER MANJUNATHA G., A.M :**

These appeals filed by the assessee are directed against the separate orders of the learned Addl/Joint Commissioner of Income Tax (Appeals) – Thane, (for short “Ld.CIT(A)”), dated 06.06.2025

relating to the assessment years 2002-23 and 2023-24, respectively.

2. The brief facts of the case are that the assessee firm is a licensed chillies commission agent operating in the Agricultural Market Yard (AMCY), Guntur, Andhra Pradesh, with a valid certificate of license as a commission agent under Form 8-C, under Rule 49 as per Section 7(1)(b) of the Andhra Pradesh Agricultural Produce and Livestock Markets Act, 1966. The assessee carries on the business of purchase and sale of agriculture commodities on behalf of the farmers and receives 2% commission from the farmers on sales to the licensed buyers/traders/exporters, as per AMC rules. The assessee considers only the commission income received on such transactions as income. The purchasers/traders/exporters have deducted TDS under Section 194Q on sale proceeds and also deducted TDS in respect of delayed payment of the same. The assessee has filed return of income for A.Y 2022-23 on 28-09-2022, declaring total income of Rs.

11,98,880/- and claimed TDS as per Form 26AS for Rs. 1,06,350/-. The return of income filed by the assessee has been processed, and an intimation under Section 143(1) of the Act, dated 17-02-2023 was issued, determining the net amount of tax payable at Rs.1,15,920/-by allowing proportionate credit for TDS at Rs.6,06,915/- as against the total TDS credit claimed by the assessee for Rs. 1,06,350/- on the ground that, as per Section 199 read with Rule 37BA(2) of the Income Tax Rules, 1962, TDS credit can be allowed to the extent of income offered for the relevant assessment year.

3. Aggrieved by the assessment order passed by the A.O. under Section 143(1) of the Act, the assessee has filed an appeal before the Ld. CIT(A) and challenged the denial of credit for TDS as claimed by the assessee on the basis of Form No. 26AS and contended that the assessee is only a commission agent and receives 2% commission on total sales, even though the buyers/traders/exporters have deducted

TDS on the entire sale value. The Ld. CIT(A), after considering the submissions of the assessee and after taking note of the provisions of Section 199 and Rule 37BA(2) of the Income Tax Rules, 1962, observed that, when the assessee is only a commission agent and receives commission of 2% on total sale value, then he ought to have filed declarations with the deductor that the sales are not its sales and that, it is merely acting as a commission agent facilitating the sale and purchase transactions. The assessee ought to have got the TDS certificates issued in the name of the clients on whose behalf it claims to have acted as an agent, or, in the alternative, ought to have got appropriate corrections in the TDS statements filed by the deductor by filing with the deductor the necessary declarations requesting that, the TDS was issued in the name of the clients. Therefore, held that there is no error in the reasons given by the A.O. to allow proportionate credit for TDS on the basis of income offered by the assessee.

4. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

5. The Ld. CIT(A) for the assessee Shri GVN Hari, Advocate, submitted that, the Ld. CIT(A) erred in sustaining the tax demand raised by the A.O. by disallowing TDS claim, even though the assessee has explained the case with relevant evidences that the entire income pertains to TDS deducted under Sections 194Q and 194A, has been offered to tax in the return of income filed for the year under consideration. The learned counsel for the assessee further submitted that, the assessee is only a commission agent working in the AMC Yard and carries out the sale of agricultural produce on behalf of the farmers and receives 2% commission and the same has been accounted as its income. The corresponding TDS deducted on sales value by the traders has been claimed as advance tax paid on TDS because, the income embedded in said transactions has already been offered to tax and that the A.O. and Ld. CIT(A) without appreciating the relevant

facts, simply allowed proportionate credit for TDS even though the assessee is entitled to credit for TDS as per Form No. 26AS. In this regard, he relied upon the decision of ITAT, Visakhapatnam Bench, in the case of Bala Krishna Traders, Guntur Vs. in ITA No.302/Viz/2025, dated 18.07.2025. The assessee has also relied upon the decision in the case of Gorla Srinivasa Reddy in ITA 503/Viz/2024, dated 20.12.2024.

6. The Learned Senior A.R. for the Revenue, Dr. Aparna Villuri, on the other hand, supporting the order of the Ld. CIT(A) submitted that, as per Section 199 read with Rule 37BA(2) of the Income Tax Rules, 1962, credit for TDS shall be allowed only to the extent of income offered for taxation. In the present case, although the TDS has deducted on the entire sale value, the assessee has offered only part of the income, the commission income, and therefore, the A.O. CPC has rightly allowed proportionate credit for TDS claimed by the assessee. She further submitted that, the Ld. CIT(A),

after considering the relevant facts, has rightly rejected the explanation of the assessee, and thus, the order of the Ld. CIT(A) should be upheld.

7. We have heard both parties, perused the material on record, and had gone through the orders of the authorities below. There is no dispute with regard to the fact that, the assessee is a licensed commission agent operating in the Agricultural Market Committee Yard in Guntur, Andhra Pradesh, with a valid certificate of license, as a commission agent, under Rule 49 and Section 7(1)(b) of the Andhra Pradesh Agricultural Produce and Livestock Market Act, 1966. As per AMC regulations, the assessee receives 2% commission from farmers on sales to purchasers/traders/exporters, and the same has been offered as income in the financial statements and paid relevant taxes. The buyers/traders/exporters deducted TDS under Section 194Q in respect of sales on the total sale value and reported in the PAN number of the assessee. Similarly, the buyers/traders/

exporters had deducted TDS under Section 194A in respect of interest payment on delayed payments and reported in the PAN number of the assessee.

8. Since the assessee has considered only commission income as its income and, after relevant expenditure, offered net profit for taxation, it claimed credit for TDS as deducted by the traders in terms of Sections 194Q and 194A. In total, the A.O. allowed proportionate credit for TDS on the ground that the assessee has offered only the part of the income, whereas it claimed TDS on the entire sales value. We find that, once the assessee is operating as a commission agent, then the income of the assessee is net commission income received from the farmers, but not the total sales value of the farmers. Since the law provides for TDS under Section 194Q on total sales value, and further, the assessee has raised sales invoices in its name, the traders have deducted TDS on the entire sales value, but the fact remains that, the assessee has considered the total income accrued on the total sales

value being commission received from the farmers, as its income. Therefore, in our considered view, the entire income pertains to TDS deducted under Sections 194Q and 194A of the Act, has suffered tax in the hands of the assessee and thus, the provisions of Section 199 read with Rule 37BA(2) of the Income Tax Rules, 1962 are complied with. Therefore, the reasons given by the A.O. and the Ld. CIT(A) that A.O. has rightly allowed proportionate credit as per Section 199 read with Rule 37BA(2) of the Income Tax Rules, is incorrect, going by the facts, because, there is no finding from the A.O. or the Ld. CIT(A) that, the income on which TDS has been deducted under Sections 194Q and 194A has not suffered tax in the hands of the assessee. Since the entire income pertains to TDS deducted u/s 194A and 194Q has suffered tax in the hands of the assessee, in our considered view, the assessee has rightly claimed credit for TDS as deducted by the traders and reported in form 26AS. The A.O. CPC, without appreciating relevant facts, allowed proportionate credit for

TDS, even though the assessee is entitled for credit for the entire TDS deducted under Sections 194Q and 194A. The Ld. CIT(A), without appreciating relevant facts, simply sustained additions made by the A.O.

9. We further noted that, this issue is squarely covered by the decision of ITAT, Visakhapatnam Bench, in the case of Bala Krishna Traders Vs. ITO (supra) where, under identical set of facts, the Tribunal has allowed credit for TDS as claimed by the assessee, on the basis of Form No.26AS filed for the relevant assessment year. A similar view has been taken by the Coordinate Bench of the Tribunal, Visakhapatnam, in the case of Gorla Srinivasa Reddy Vs. ITO (supra), where, under identical set of facts, allowed credit for TDS as claimed by the assessee. In this view of the matter, considering the facts and circumstances of the case and also by following the decisions relied upon by the learned counsel for the assessee, we direct the A.O. to allow credit for TDS, as

claimed by the assessee, on the basis of Form No. 26AS filed for the assessment year under consideration.

10. In result, the appeal filed by the assessee in ITA No.478/Viz/2025 for AY 2022-23 is allowed.

**ITA No.479/Viz/2025**

11. Since the facts and issues involved in this appeal are identical to the issue which we have considered in the assessee's own case for A.Y 2022-23 in ITA No.478/Viz/2025, the reasons given by us in the preceding paragraphs 7 to 9 shall *mutatis mutandis* apply to this appeal as well. Therefore, for similar reasons, we direct the A.O. to allow credit for TDS as claimed by the assessee on the basis of Form No. 26AS filed for the relevant assessment year under consideration.

12. In the result, appeal of the assessee in ITA No.479/Viz/2025 for A.Y. 2023-24 is allowed.

13. To sum up, both the appeals of the assessee are allowed.

Order pronounced in the Open Court on 29<sup>th</sup> October, 2025.

<b>Sd/-</b> (श्री रवीश सूद) <b>(RAVISH SOOD)</b> <b>न्यायिक सदस्य/JUDICIAL MEMBER</b>	<b>Sd/-</b> (मंजूनाथ जी) <b>(MANJUNATHA G.)</b> <b>लेखा सदस्य/ACCOUNTANT MEMBER</b>
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Hyderabad, dated 29.10.2025.

**TYNN/sps**

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Sri Lakshmi General Stores, D.No.24-3-82, 1 <sup>st</sup> Floor, Opp. Ravi Parcel, Patnam Bazar, Guntur.
2.	राजस्व/ The Revenue	:	The Income Tax Officer, Ward-1(1), Guntur.
3.	The Principal Commissioner of Income Tax, Vijayawada.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, / DR, ITAT, Visakhapatnam.		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Hyderabad