

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

Before Shri Ravish Sood, Judicial Member  
and  
Shri Balakrishnan S., Accountant Member

आ.अपी.सं /ITA No.561/Viz/2025  
(निर्धारण वर्ष/Assessment Year: 2018-19)

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| CH. VEERRAJU & CO,<br>Rajahmundry.<br>PAN: AACFC8959Q | Vs.                        | Deputy Commissioner of<br>Income Tax,<br>Circle-1,<br>Rajahmundry. |
| (Appellant)   |                            | (Respondent)   |
| निर्धारिती द्वारा/Assessee by:                        | Smt. A. Aruna, Advocate    |  |
| राजस्व द्वारा/Revenue by:                             | Dr. Aparna Villuri, Sr. AR |  |
| सुनवाई की तारीख/Date of<br>Hearing:                   | 18/11/2025                 |  |
| घोषणा की तारीख/Date of<br>Pronouncement:              | 21/11/2025                 |  |

आदेश / ORDER

**PER. RAVISH SOOD, JM :**

The present appeal filed by the assessee firm is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, dated 26/08/2025 which in turn arises from the order passed by the Assessing Officer under section 143(3) r.w.s143(3A) & 143(3B) of the Income-Tax Act, 1961 (for short, "the Act"), dated 15/04/2021 for the Assessment Year 2018-19. The

assessee firm has assailed the impugned order on the following grounds of appeal before us:

1. "The order of the Ld. CIT(A) is contrary to the facts and also the law applicable to the facts of the case.
2. The Ld. CIT(A) is not justified in sustaining the addition of Rs. 22,67,968/- made by the Assessing Officer by treating the agricultural income as income from other sources."

2. Succinctly stated, the assessee firm which is engaged in the business of quarry and crusher maintenance had e-filed its return of income for AY 2018-19 on 27/09/2018, declaring an income of Rs. 2,06,10,750/-. Subsequently, the case of the assessee firm was selected for complete scrutiny for verifying whether the addition in an earlier AY was confirmed in appeal or has become final on recurring issue of law or fact.

3. During the course of the assessment proceedings, the AO observed that the assessee firm had disclosed in its Profit & Loss Account agricultural income of Rs. 22,67,968/-. On being called upon to substantiate its aforesaid claim of income based on supporting documentary evidence, viz., nature and type of agricultural income along with details of processes undertaken, details of the crops grown, complete details of the extent and location of agricultural land owned along with documentary evidence, i.e., Pattadar pass book etc., whether the agricultural land was self-owned or held on lease and in case if it was

held on lease, the lease amount along with supporting documentary evidence, details as to whether agricultural land is irrigated or rain fed, copy of Khatauni maintained by the State Government, documentary evidence on sale of agricultural produce supported by the marketing society receipts/third party contracts etc., and details regarding the date and source of investment towards purchase of land. Also, the assessee firm was called upon to furnish documentary evidence that would substantiate its claim of having derived agricultural income, i.e., expenses on seeds, fertilizers, pesticides, labour charges, water bill, electricity bill, processing cost, depreciation on fixed assets, land cess, other taxes etc.

4. As is discernible from the record, the assessee firm in compliance to the aforesaid directions of the AO had filed before him a copy of receipt of Andhra Pradesh State Electricity Board in respect of amount of Rs.7,87,668/- that was received for damage of crops during 220KV and receipt on sale of raw cashew. Although, the AO had afforded the assessee firm sufficient opportunity to substantiate its claim of having derived agricultural income by placing on record supporting documentary evidence as had been referred by us herein above, but it had failed to comply with the directions and even did not furnish the bare minimum information which would evidence that it owned agricultural

land that was being exploited for cultivation purposes. As regards the assessee's claim of having been compensated for damage of crop, the AO observed that it had failed to substantiate that the agricultural land belonged to it and agricultural activities were being carried out on the said land. Apart from that, the AO observed that while framing the assessment in the case of the assessee firm for the preceding year, i.e., AY 2014-15 it was observed that on most of the lands owned by the assessee, no agricultural operations were carried out as the same were non-agricultural and dry lands. Accordingly, the AO based on his aforesaid observations rejected the claim of the assessee of having derived agricultural income and held the entire amount that it had disclosed under the said head as its income from other sources.

5. Aggrieved, the assessee firm carried the matter in appeal before the CIT(A) but without success. For the sake of clarity, the observations of the CIT(A) are culled out as under:

"4. Decision:

I have carefully considered the relevant and material facts on record, in respect of this ground of appeal, as brought out in the assessment order.

4.1 Ground No. 1 & 2. The appellant has challenged the addition of Rs. 22,67,968/- During the year under consideration (AY 2018-19), the assessee had shown agricultural income of Rs. 22,67,968/- in profit and loss account. During the course of assessment proceedings, the assessee was requested to furnish the details regarding the same. In response the assessee submitted the copy of receipt of AP state electricity board in respect of amount received Rs. 7,87,668/- for damage of crops and receipt of sale of raw cashews. However, no

documentary evidence was provided by the assessee to prove that it owns the agricultural land and the land is used to cultivate product by him. As the assessee failed to substantiate that the land belongs to him and the agricultural activities on that land was done by him only. It was concluded by the AO that on most of the land owned by the assessee no agricultural operations were carried as the same were non agricultural and dry land. Hence, the amount of Rs. 22,67,968/- was treated as non agricultural income of the assessee and was added back to the total income under the head of income from other sources.

During the appellate "Proceedings, the assessee filed written submission through ITBA module. After perusal of the same, it is concluded that the assessee failed to furnish documentary evidences regarding land ownership and the details of nature and type of agricultural income, documentary evidences related to extent and location of agricultural land owned by the assessee, copy of khatauni etc. As the assessee failed to prove the ownership of land by providing documentary evidences and the land was agricultural land it is concluded that the amount of Rs. 22,67,968/- is non agricultural income of the assessee. The onus lies on the appellant to support any claim by bringing in cogent documentary evidence. In absence of corroborative evidence in support of its grounds of appeal, I have no basis to take a contrary view in the appellate proceedings. I have no reason to interfere with the assessment order. As such, I do not find any infirmity in the order of Assessing Officer. Therefore, addition of Rs. 22,67,968/- is hereby sustained on merits.

5. In the result, the appeal is dismissed."

6. The assessee firm being aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

7. We have heard the Learned Authorized Representatives of both parties, perused the orders of the lower authorities and the material available on record.

8. Smt. K. Aruna, Advocate, the Learned Authorized Representative (for short, "Ld. AR") for the assessee firm, at the threshold of hearing of the appeal submitted that both the authorities below had grossly erred in

recharacterizing the agricultural income of the assessee firm as its income from other sources. Elaborating on her contention, the Ld. AR submitted that the assessee firm had in the preceding years, i.e., AY 2014-15 to 2017-18 disclosed the agricultural income in its return of income. The Ld. AR submitted that the AO while framing the assessment in the case of the assessee firm for the AY 2015-16, vide his order under section 143(3) of the Act, dated 29/07/2016 had observed that though the assessee firm in its Profit & Loss Account for the said year had disclosed agricultural income of Rs.34,73,391/-, but thereafter in its computation of total income restricted the same at Rs. 25 lakhs. The Ld. AR submitted that the AO after necessary deliberations had substituted the assessee's claim of having derived agricultural income of Rs. 25 lakhs (approx.) to an amount of Rs.7 lakhs. Elaborating on her contention, the Ld. AR submitted that the AO while framing the assessment for the preceding year, i.e., AY 2014-15 had also called upon the assessee firm to substantiate its claim of having derived agricultural income by furnishing the requisite details, i.e., proof of land holding, crops raised, nature of crops grown, expenditure incurred etc., and in response to the same, the assessee firm had submitted before him that it owned more than 135 acres of agricultural land and in support thereof had furnished copies of documents pertaining to 118 acres. The

Ld. AR submitted that as the assessee firm in the earlier years also had not maintained any detailed account for agricultural operations, therefore, no other details were submitted before the AO. The Ld. AR further submitted that the AO taking cognizance of the fact that on most of the lands owned by the assessee, no agricultural operations were carried on as the same were non-agricultural lands and dry lands, had thus, after considering the land holding of the assessee accepted its claim of having derived agricultural income of Rs.7 lakhs (out of Rs. 25 lakhs) and had treated the balance amount of Rs.18 lakhs as his non-agricultural income. Carrying her contention further, the Ld. AR submitted that considering the past record that the assessee, its claim of agricultural income could not have been summarily rejected as had been so done during the year under consideration.

9. Per contra, Dr. Aparna Villuri, the Learned Senior Departmental Representative (for short, "Ld. Sr. DR") relied upon the orders of the lower authorities. It was submitted by her that as the assessee firm had failed to place on record any documentary evidence to substantiate its claim of having derived agricultural income during the subject year, therefore, the AO had rightly disallowed the same and held it as its income from other sources.

10. We have thoughtfully considered the facts involved in the present case the backdrop of the orders of the authorities below.

11. Admittedly, it is a matter of fact borne from the record that the assessee firm in the course of the assessment proceedings had failed to substantiate its claim of having derived agricultural income by placing on record the bare minimum details that were specifically called for by the AO. Ostensibly, the assessee firm had even failed to furnish before the AO any material which would irrefutably evidence his land holding and the factum of having derived agricultural income during the subject year. Also, we find that even in the course of the proceedings before the CIT(A) the assessee firm had not filed any documentary evidence which would substantiate its claim of having derived agricultural income.

12. Considering the aforesaid facts, we though are of a firm conviction that no infirmity emanates from the orders of the orders of the authorities below, who in the absence of any supporting documentary evidence had declined the assessee's claim of having derived agricultural income and held the same as its income from other sources, but at the same time cannot remain oblivion of the fact that the AO after duly scrutinizing the case of the assessee firm for AY 2014-15 had under identical set of circumstances, i.e., after observing that on most of the lands owned by

the assessee no agricultural operations were carried on as the same were non-agricultural and dry lands had accepted his agricultural income considering his land holding to the extent of Rs.7 lakhs (out of Rs.25 lakhs). We are of the considered view that in the totality of the facts involved in the present case, the claim of the assessee firm of having derived agricultural income during the subject year on a similar footing can safely be accepted to the extent of Rs.7 lakhs. Accordingly, we herein restrict the addition made by the AO by rejecting the assessee's claim of having derived agricultural income of Rs.22,67,968/- by an amount of Rs.15,67,968/-.

13. Resultantly, the appeal of the assessee is partly allowed in terms of our aforesaid observations.

Order pronounced in the open court on 21<sup>st</sup> November, 2025.

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| <b>Sd/-<br/>(BALAKRISHNAN S.)<br/>ACCOUNTANT MEMBER</b> | <b>Sd/-<br/>(RAVISH SOOD)<br/>JUDICIAL MEMBER</b> |
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Hyderabad,  
Dated 21<sup>st</sup> November, 2025  
OKK / SPS

Copy to:

| S.No | Addresses   |
|------|---|
| 1    | CH Veerraju & Co, D.No. 24-14-5, R.V. Nagar, Rajahmundry-533104.                |
| 2    | DCIT, Circle-1, O/o. ITO, Aayakar Bhavan, Veerabhadrapuram, Rajahmundry-533105. |
| 3    | The Pr. Commissioner of Income Tax,   |
| 4    | The DR, ITAT, Visakhapatnam Bench   |
| 5    | Guard File  |

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