



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।
IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"
RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.749/RJT/2025
निर्धारण वर्ष/Assessment Year : 2018-19

Vachhani Ketanbhai Mansukhlal (HUF), A/603 Rudrax Appartment, Shree Colony Main Road, Amin Marg Rajkot 360005, (Gujarat) India	बनाम/ Vs	The Income-tax Officer, Ward-1(1)(1), IT Office, New Aayakar Bhavan, Vatiaka, Race Course Ring Road, Rajkot. – 360001, Gujarat
स्थायी लेखासं./जी आइ आर सं./PAN/GIR No.: AAGHV1067A		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

निर्धारिती की ओर से/Assessee by : Ms. Devina Patel, Ld. AR
राजस्वकी ओर से / Revenue by : Shri Abhimanyu Singh Yadav, Ld. Sr. DR

सुनवाई की तारीख/Date of Hearing : 04/12/2025
घोषणा की तारीख/Date of Pronouncement : 12/01/2026

आदेश/ORDER

Per, Dr. Arjun Lal Saini, A.M

Captioned appeal filed by the assessee, pertaining to Assessment Year 2018-19, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals) ('CIT(A)'), dated 08.09.2025, which in turn arises out of an assessment order passed by Assessing



Officer u/s. 143(3) read with sections 143(3A) & 143(3B) of the Act, on 16.04.2021.

2. Grounds of the appeal raised by the assessee are as under:

1. The Learned Commissioner of Income-tax (Appeals)- NFAC, Delhi erred in confirming the action of the assessing officer in making addition of Rs. 26,61,729/- by way of excess agriculture income, being difference between the gross agriculture receipts shown by the Appellant at Rs. 32,61,729/- and estimated by the A.O. at Rs. 6,00,000/-.

2. The Learned Commissioner of Income-tax (Appeals)- NFAC, Delhi erred in confirming the action of the assessing officer in estimating agricultural income without giving any basis of estimate.

3. The Learned Commissioner of Income-tax (Appeals)- NFAC, Delhi failed to appreciate that sale of agriculture produce was duly supported by invoices and that buyers had duly confirmed purchases made from the Appellant.

4. The appellant craves leave to add, amend, alter and withdraw any ground of appeal anytime up to the hearing of this appeal.

3. The facts of the case which can be stated quite shortly are as follows: The assessee before me is HUF (hindu undivided family) and assessee`s case was selected for Limited Scrutiny assessment under the E-assessment Scheme, 2019 on the issue of Agricultural Income. The assessee- HUF, has filed return of income for assessment year (A.Y.) 2018-19, on 02/03/2019, declaring income to the tune of Rs.1,86,870/-. The assessee has claimed exemption in respect of agricultural income of Rs.32,61,730/-. The statutory notice u/s 143(2) of the Income Tax Act, 1961 dated 28/09/2019, along-with the reason for selection of case was issued and duly served on the assessee. The assessee has in return of income claimed exempt agricultural income of Rs.32,61,730/-.



4. During the assessment proceedings, notice u/s 142(1) of the Income Tax Act dated 10/12/2019 was issued and duly served on the assessee and the assessee was asked to produce various details including sale bill, evidence in respect of expenses incurred, copies of bank statement etc. In response to the notice of the assessing officer, the assessee submitted statement of computation of income, details of land, details of agricultural products etc. On perusal of the return of income filed for AY 2017-18, it was noticed by the assessing officer, that the assessee has claimed agriculture income at Rs.14.76 lac, whereas agricultural income for AY 2018-19 which is declared at Rs.32.61 lacs as compared to last year. The assessee, therefore, vide notice u/s.142(1) of the Act, dated 27.12.2020 was asked to explain reason for substantial increase in the agricultural income in A.Y.2017-18, in comparison to A.Y. 2018-19, (inspite of the total agricultural land area remaining the same) alongwith supporting documentary evidence. The assessee did not produce any evidence to prove the substantial increase in the agricultural income. Thus, the assessee has no justification for excess produce of agricultural products in the same land area. In the view of the same, show cause notice dated 18/02/2021 was issued upon the assessee.

5. In response to the said show cause notice, the assessee submitted that during the year under consideration, total agricultural income shown in the ITR was Rs.32,61,729/- which was gross agricultural income. Agricultural expenses amounting to Rs. 10,93,636/- were not claimed while filing return of income through oversight. It was due to oversight that the return preparer did not fill up the details of agricultural expenses in the return of income due to which gross agricultural income was only shown therein and therefore if compared with previous year, there showed excess agriculture income, by the assessee.



6. However, the assessing officer observed that no evidence or explanation is filed in response to the above notice, therefore, assessing officer, restricted the agricultural income to the tune of Rs. 6,00,000/- and balance addition was made in the hands of the assessee at Rs.26,61,729/- (Rs.32,61,729- Rs.6,00,000).

7. Aggrieved by the order of the assessing officer, the assessee carried the matter in appeal before the Id. CIT(A), who has confirmed the action of the assessing officer.

8. The Id.CIT(A) observed the findings of the assessing officer, and was of the view that it is an admitted position that the assessee failed to substantiate its claim satisfactorily. The documents filed were sketchy, and crucially, no verifiable proof of irrigation facilities or scientific basis for higher yield was furnished. The 7/12 extracts produced showed that the land was largely unirrigated, whereas the assessee claimed to have grown high-value crops such as cotton and jeera, which typically require assured irrigation. This inconsistency itself casts doubt on the genuineness of the claim. Therefore, based on this factual position, the learned CIT (A) confirmed the addition made by the assessing officer.

9. Aggrieved by the order of the Id. CIT(A), the assessee is in appeal before this Tribunal.

10. Ms. Devina Patel, begins by pointing out that assessee is an agriculturist and has been showing agricultural income since a long and assessee submitted the proof relating to production of agricultural items and also submitted the evidence relating



to holding of agricultural land. Besides, in the assessment year under consideration, the assessee forgot to claim expenses amounting to Rs. 10,93,636/-, while filing return of income through oversight, hence, action of the assessing officer to restrict the agricultural income to the tune of Rs. 6,00,000/-, is not justified. Therefore, since the assessee has been showing agricultural income since a long, hence addition should not have been made by the assessing officer.

11. Alternatively, without prejudice to the above, Ms. Patel, also argued that gross agricultural income shown by the assessee should not be treated net income of the assessee. Hence, an ad-hoc estimated addition may be made in the hands of the assessee @ 10% of the addition sustained by the Id.CIT(A).

12. On the other hand, Id. D.R. for the Revenue submitted that and *ad-hoc* estimated addition @10% is not sufficient to protect the interest of the Revenue, therefore, it should be at least 20% on the addition sustained by the Id. CIT(A).

13. I have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the Id CIT(A) and other materials brought on record. I note that total agricultural income shown in the income tax return (ITR) was to the tune of Rs.32,61,729/-, which was gross agricultural income. As per assessee, the agricultural expenses amounting to Rs. 10,93,636/- were not claimed while filing return of income through oversight. It was due to oversight that the return preparer did not fill up the details of agricultural expenses in the return of income due to which gross agricultural income was only shown therein and therefore if compared with previous year, assessee showed excess



agriculture income, in the return of income, which the assessing officer denied to accept and restricted the agricultural income to the tune of Rs.6,00,000/-.

14. Under section 254 of the Income-tax Act, 1961, the ITAT has plenary powers to pass such orders as it thinks fit after hearing both parties. Therefore, the Tribunal is not restricted to the claims made in the original return, and can consider arguments of the Id.Counsel for the assessee, arise from facts already on record. I note that without expenses, the agricultural income cannot be earned, and this fact has been totally ignored by the lower authorities. In the present case, Gross agricultural income of Rs.32,61,729/- was disclosed. Agricultural expenses of Rs.10,93,636/- were not claimed due to oversight. Therefore, it resulted in inflated net agricultural income compared to earlier years. I also find that no new source of income is being introduced, and only correct computation of net agricultural income is sought. The various Courts have consistently held that a genuine mistake or oversight should not be used to deny lawful relief. Therefore, as per facts and figures available before me gross agricultural income is at Rs.32,61,729/- and agricultural expenses is at Rs.10,93,636/- hence, net agricultural income comes to Rs. 21,68,093/- (Rs.32,61,729- Rs.10,93,636). This net agricultural income of Rs. 21,68,093/-, is exempted from tax. However, I find that some of the documents and evidences submitted by the assessee, are self servicing documents and evidences. Hence, there are some inherent weaknesses in the evidences submitted by the assessee. However, I find some little merit in the submissions, advanced by the learned Counsel for the assessee and evidences submitted before the lower authorities, such as proof of land holding, evidence showing agricultural activities etc, therefore, assessee deserves relief, however, full relief cannot be granted.



15. Considering the above factual position, I note that assessing officer has accepted that assessee was doing agricultural activities, and the dispute is only with regard to gross agricultural income. The gross agricultural income shown in the income tax return is more than the previous year's return of income. I also note that assessee has been showing agricultural income constantly since last so many years and therefore considering these facts, I am of the view that to meet the end of justice, an ad-hoc estimated addition @ 10% on Rs. 21,68,093/-, which comes to Rs. 2,16,809/-, should be made in the hands of the assessee, as the assessee is an agriculturist and produced all possible evidences before lower authorities, however, there are some self -servicing evidences produced by the assessee, which have less evidently value. Therefore, I direct the assessing officer to make addition in the hands of the assessee to the tune of Rs. 2,16,809/-, by following the normal rate of income tax. The adjudication, in the assessee's case under consideration has been done by me considering peculiar facts and circumstances of the case, narrated above, therefore, instant adjudication should not be construed as laying down propositions of law of general applications.

16. In the result, the appeal filed by the assessee, is partly allowed, in above terms.

Order pronounced in the open court on 12/01/2026.

Sd/-
(Dr. Arjun Lal Saini)
लेखा सदस्य/Accountant Member

राजकोट /Rajkot
दिनांक/ Date: 12/01/2026



Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

(True Copy)

By Order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot