

IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD "SMC" BENCH : HYDERABAD  
BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT

ITA.No.1692/Hyd/2025  
Assessment Year 2013-2014

Anitha Kotamraju, Hyderabad – 500 087. PAN BDVPK8815N (Appellant)	vs.	The Income Tax Officer, Ward-15(1), Hyderabad – 500 084. (Respondent)
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For Assessee :	<b>Sri D Prabhakar Reddy, Advocate</b>
For Revenue :	MS P Sumitha, Sr. AR

Date of Hearing :	15.01.2026
Date of Pronouncement :	23.01.2026

**ORDER**

This appeal by the Assessee is directed against the Order dated 25.08.2025 of the learned CIT(A)-National Faceless Appeal Centre [in short "NFAC], Delhi, for the assessment year 2013-2014.

2. The assessee has raised the following grounds:

- i. *"On the facts and in the circumstances of the case, and in law, the order passed by the Learned Assessing Officer ("AO") u/s 147 r.w.s. 144 of the Income-tax Act, 1961 ("the Act") for AY 2013-14 and confirmed by the Learned Commissioner of Income-tax (Appeals), hereinafter referred to as CIT(A), is bad in law and liable to be quashed.*

- ii. *On the facts and in the circumstances of the case, and in law, the Learned CIT(A) erred in holding that the AO exercised his jurisdiction u/s 148 of the Act properly without appreciating the fact that there is no valid service of notice u/s 148 of the Act.*
- iii. *On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in confirming action of AO for making addition u/s 69A as unexplained money when the amount of Rs.43,71,193/- was received as sub-brokerage commission from BN Rathi Comtrade Pvt. Ltd and thus explained.*
- iv. *On the facts and in the circumstances of the case, and in law, the Learned CIT(A) erred in confirming the addition of Rs.43,71,193 treating the entire commission receipts as income, ignoring the settled that only the profit component is taxable and not the gross receipts.*
- v. *On the facts and in the circumstances of the case, and in law, the Ld. CIT(A) erred in upholding the arbitrary action of the AO without any material evidence to establish that the entire receipts represent the assessee's own income.*
- vi. *On the facts and in the circumstances of the case, and in law, the addition so sustained by the Ld. CIT(A) is unjust, excessive and contrary to law, and liable to be deleted or alternatively, the income should be reasonably estimated at a fair profitability percentage as it deems fit in the facts and circumstances of the case.*
- vii. *The Appellant craves leave to add, amend, modify, alter, revise, substitute, or not press any or all grounds of the appeal, if deemed necessary at the time of hearing of the appeal, in the interest of justice.”*

3. At the time of hearing, the learned Authorised Representative of the Assessee has stated at Bar that the assessee does not press ground nos.(i) and (ii) and the same may be dismissed as not pressed. The learned DR has raised no objection if the ground nos.(i) and (ii) are dismissed as not pressed. Accordingly, ground nos.(i) and (ii) of the assessee's appeal are dismissed being not pressed.

4. Ground nos.(iii) and (iv) are regarding the addition made by the Assessing Officer of Rs.43,71,193/- treating the entire commission receipt as income. The learned Authorised Representative of the Assessee has submitted that the assessee is a housewife though the husband of the assessee allowed the bank account of the assessee as well as himself to be used by stockbroker B N Rathi Comtrade Private Limited. The learned Authorised Representative of the Assessee has submitted that it is a case of lending of bank account and receiving the commission income from the stockbroker which has been assessed by the Assessing Officer on gross receipt basis without allowing any expenditure. The learned Authorised Representative of the

Assessee has submitted that the only grievance of the assessee is against the assessment of the entire receipt of brokerage income without allowing the expenditure or estimation of income. He has thus submitted that only the profit element in the total receipt has to be assessed as income of the assessee. He has referred to the earnings as reported in the annual report of various stockbrokers and submitted that the average profit margins of the stockbrokers comprising of 09 prominent companies in the Indian market is (-) 0.03%. Thus, the learned Authorised Representative of the Assessee has submitted that the income from brokerage receipt may be estimated at 12% as the assessee is not maintaining proper books of account except the bank account which shows the receipt of the brokerage. He has referred to Form-26AS placed at Page-57 of the paper book-II showing the deduction of TDS u/sec.194H of the Act and submitted that the entire brokerage receipt is subjected to TDS and hence, the assessment of income in the hand of the assessee can be reasonably estimated instead of entire gross receipts of brokerage. He has referred to the details of the


brokerage receipts, miscellaneous receipt interest and submitted that the assessee has received the total amount of Rs.31,18,015/- as brokerage receipt and Rs.23,600/- as miscellaneous receipt along with interest of Rs.18,585/-. Therefore, he has pleaded that a reasonable and proper estimation of the income of the assessee may be allowed.

5. On the other hand, the learned DR has submitted that there was no representation on behalf of the assessee either before the Assessing Officer or before the learned CIT(A). Even the stockbroker B N Rathi Comtrade Private Limited was under the investigation of the SEBI and the SEBI has cancelled the registration of the stockbroker. She has relied upon the Orders of the authorities below.

6. I have considered the rival submissions as well as relevant material on record. The Assessing Officer has made the addition of the entire credit reflected in the bank account of the assessee on account of commission and brokerage. It is also an undisputed fact that the said commission was


subjected to TDS as reflected in Form-26AS at page-57 of the paper book as under:

57  
Data updated till 14-Apr-2022



**TDS**  
Centralized Processing Cell

**TRACES**  
TDS Reconciliation Analysis and Correction Enabling System



सत्यमेव जयते  
Government of India  
Income Tax Department

**Form 26AS**  
Annual Tax Statement under Section 203AA of the Income Tax Act, 1961

- See Section 203AA and second provision to Section 206C (5) of the Income Tax Act, 1961 and Rule 31AB of Income Tax Rules, 1962

Permanent Account Number (PAN)	BDVVK8815N	Current Status of PAN	Active	Financial Year	2012-13	Assessment Year	2013-14
Name of Assessee	ANITHA KOTAMRAJU						
Address of Assessee	21-27, DAYANAND NAGAR, MALKAJGIRI, HYDERABAD, ANDHRA PRADESH, 500047						

- Above data / Status of PAN is as per PAN details. For any changes in data as mentioned above, you may submit request for corrections Refer [www.tin-nsdl.com](http://www.tin-nsdl.com) / [www.utiitsl.com](http://www.utiitsl.com) for more details. In case of discrepancy in status of PAN please contact your Assessing Officer
- Communication details for TRACES can be updated in 'Profile' section. However, these changes will not be updated in PAN database as mentioned above

(All amount values are in INR)

**PART A - Details of Tax Deducted at Source**

Sr. No.	Name of Deductor				TAN of Deductor	Total Amount Paid / Credited	Total Tax Deducted <sup>†</sup>	Total TDS Deposited
1	B N RATHI COMTRADE PRIVATE LIMITED				HYDB04269G	4371193.00	437118.00	437118.00
Sr. No.	Section <sup>‡</sup>	Transaction Date	Status of Booking <sup>*</sup>	Date of Booking	Remarks <sup>**</sup>	Amount Paid / Credited	Tax Deducted <sup>‡‡</sup>	TDS Deposited
1	194H	30-Mar-2013	F	15-May-2013	-	582309.00	58231.00	58231.00
2	194H	28-Feb-2013	F	15-May-2013	-	922951.00	92295.00	92295.00
3	194H	31-Jan-2013	F	15-May-2013	-	725537.00	72553.00	72553.00
4	194H	31-Dec-2012	F	21-Jan-2013	-	782360.00	78236.00	78236.00
5	194H	30-Nov-2012	F	21-Jan-2013	-	556010.00	55601.00	55601.00
6	194H	31-Oct-2012	F	21-Jan-2013	-	313440.00	31343.00	31343.00
7	194H	29-Sep-2012	F	15-Oct-2012	-	228373.00	22838.00	22838.00
8	194H	31-Aug-2012	F	15-Oct-2012	-	133785.00	13379.00	13379.00
9	194H	31-Jul-2012	F	15-Oct-2012	-	107516.00	10751.00	10751.00
10	194H	30-Jun-2012	F	14-Jul-2012	-	18912.00	1891.00	1891.00

6.1. Since the assessee is not maintaining any books of account therefore, the claim of deduction of expenditure against the said income is not based on any record. However, it is also matter of common sense that the entire receipt of brokerage/commission cannot be assessed to tax without

allowing the expenditure incurred against the said commission receipts. Therefore, in the facts and circumstances of the case, when the assessee has not maintained any books of account, the income of the assessee can be estimated on the basis of some reasonable and proper guidance. The profit prevailed in the industry can be a reasonable guidance for estimation of the income. The profit rate of the prominent stockbrokers and the arithmetic mean/average as reflected in their finances are extracted as under:

#### 4.3 Result of Benchmarking

The average industry profit margin for these 9 companies for FY 2012-13 amounts to (-) 0.03% as computed below:-

Sl No	Name	Revenue from Operations (Rs.)	Profit Before Tax (Rs.)	Profitability
1	Aditya Birla Money Ltd	658896820	-126655904	-19.22%
2	Almondz Global Securities Ltd (Equity Broking Segment)	71865000	397000	0.55%
3	Arihant Capital Markets Ltd	322175581	36559746	11.35%
4	Emkay Global Financial Services Ltd	765052766	-32222811	-4.21%
5	Geojit BNP Paribas Financial Services Limited	1978380998	556672316	28.14%
6	Hybrid Financial Services Limited	6857000	-4797000	-69.96%
7	Inventure Growth & Securities Limited	158329093	27576954	17.42%
8	Networth Stock Broking Ltd	186815733	2907803	1.56%
9	Share India Securities Ltd	150832000	18938000	12.56%
<b>ARITHMETICAL MEAN OR AVERAGE PROFITABILITY</b>				<b>(-) 0.02%</b>

6.2. Even all profit-making company's average profit margin comes to around 12%. Hence, in the facts and circumstances of the case and to meet the ends of justice, the income of the assessee is estimated by taking a reasonable rate of profit in the hand of the assessee being an individual @ 25%. This estimation is done on the specific facts of the case that the assessee allowed its bank account for trading in the stock exchange by a stockbroker and this fact is corroborated by the action of the SEBI against the said stockbroker. Further there are withdrawals/transfer from the bank account of the assessee and therefore, the entire brokerage receipt in the bank account of the assessee may not have been actually available to the assessee as the account was allowed to be operated by other stockbroker. Therefore, the estimation of the income @ 25% is taken as reasonable and Assessing Officer is directed to restrict the income @ 25% of the total commission/brokerage received.

7. In the result, appeal of the Assessee is Partly Allowed.

Order pronounced in the open Court on 23.01.2026.

Sd/-  
[VIJAY PAL RAO]  
VICE PRESIDENT

Hyderabad, Dated 23<sup>rd</sup> January, 2026

VBP

Copy to

1.	Anitha Kotamraju, A-Block, G-15, GK Habitat Royale, Pedso-2, YAPRAL, Hyderabad – 500 087.
2.	The Income Tax Officer, Ward-15(1), 4 <sup>th</sup> Floor, D-Block, IT Towers, AC Guards, Hyderabad – 500 004.
3.	The Pr. CIT, Hyderabad.
4.	The DR ITAT “SMC” Bench, Hyderabad
5.	Guard File

//By Order//

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