

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
AGRA (SMC) BENCH, AGRA**

**BEFORE : SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No. 533/Agr/2025  
Assessment Year: 2014-15**

Kamal Kishor Gupta 376-B, Mahalaxmi Nagar Sector-r Indore, Madhya Pradesh	<b>Vs.</b>	ITO, Ward-1, Morena
<b>PAN : AOSPG4360D</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	None
Department by	Shri Anil Kumar, Sr. DR

Date of hearing	18.02.2026
Date of pronouncement	19.02.2026

**ORDER**

The assessee has filed this appeal against the order of the learned Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 07.10.2025 for the Assessment Year 2014-15.

2. Aggrieved, the assessee is in appeal before ITAT, raising following grounds:

Ground of Appeal No.1:-

That under the facts and circumstances of the case and in law the Ld CIT(Appeals), NFAC (National Faceless Appeal Centre), Delhi has grossly erred in sustaining the addition of Rs.3866984 (3% of total purchase) made by the Ld AO.

Ground of Appeal No.2:-

That while sustaining the impugned addition Ld CIT(Appeals), NFAC, Delhi has also erred in law in ignoring the peculiar facts & circumstances of the case & without perform any investigation or establish any case to answer.

Ground of Appeal No.3:-

That while sustaining the impugned addition Ld CIT (Appeals), NFAC, Delhi has also failed to give proper and reasonable opportunity to the appellant. Thereby violation the principles of natural justice and condition and procedure prescribed under the statute.

Ground of Appeal No.4:-

That the assessee craves your honour s leave to alter, amend, add or delete any of the grounds of appeal.

3. Brief facts of the case are, the assessee is engaged in the business of trading in liquor. He filed the return of income on 27/11/2014 declaring total income of Rs.900,930/-. The case was selected for scrutiny under CASS. During the assessment proceedings it was observed that the assessee had made huge turnover but declared very less profit. Since the assessee has not responded to any notices issued by the AO, he proceeded to complete the assessment u/s 144 of the Act. The AO observed that the profit declared by the assessee are substantially less and by relying on the cases of similar case law, he estimated the income of the assessee @ 3% on the gross sales as reasonable profit.

4. Aggrieved with the above order, the assessee preferred an appeal before NFAC, Delhi. After considering the detailed submissions of the assessee, Ld CIT(A) sustained the estimation of income as reasonable.

5. Aggrieved with the above order, the assessee is in appeal before us. At the time of hearing, Ld AR brought to our notice the relevant facts on record and also submitted a comparable financial of last three years result and submitted the profit estimated by the AO is higher side.

6. On the other hand, Ld DR supported the detailed findings of Ld CIT(A) and he submitted that the profit declared by the assessee is unreasonably low.

7. Considered the rival submissions and material placed on record. We observed that the AO had estimated the income @3% on the gross receipt due to non compliance from the assessee during the assessment proceedings. While estimating the income, the AO had not substantiated on what basis he is estimating the income @3%. It is not necessary that the cases relied by him should have similar facts on record, each case is different. Without their being proper submissions he has estimated the income. In our considered view, the estimation of income should have some basis. Therefore, for the sake of justice, we direct the AO to estimate the income of the assessee by adopting previous 3 years average profit as the base for estimating the income. In the result, the AO is directed to estimate by adopting the average of 3 years margin to estimate the income of the assessee for the year under consideration.

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

***Order pronounced in the open court on 19.02.2026***

**Sd/-  
(S. RIFAUR RAHMAN)  
ACCOUNTANT MEMBER**

**Dated: 19.02.2026**

\*Ganesh Kumar, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, Agra