

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं सुश्री पदमावती यस, लेखक सदस्य के समक्ष
BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
MS. PADMAVATHY.S, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.3709/Chny/2025
निर्धारण वर्ष /Assessment Year: 2019-20

Veeranam Thirumalai,
58, Veeranan Chanthra Illam,
Sengulam East Street,
Sholavandan Road, Thirumangalam,
Madurai – 625 706.
PAN: AHBPT 7170L

The Income Tax Officer,
Vs. Non Corporate Ward-1(7),
Madurai.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : Mr. S. Girish Kumar, Advocate
प्रत्यर्थी की ओर से /Respondent by : Dr. M.D.Vijay Kumar, JCIT

सुनवाई की तारीख/Date of Hearing : 19.02.2026
घोषणकी तारीख /Date of Pronouncement : 27.02.2026

आदेश / ORDER

PER PADMAVATHY.S, A.M:

This appeal by the assessee is against the order of the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi, (in short "CIT(A)") passed u/s. 250 of the Income Tax Act, 1961 (in short "the Act") dated 09.10.2025 for Assessment Year (AY) 2019-20.

2. The assessee is an individual engaged in the business of trading in chicken and did not file the return of income for AY 2019-20. The Assessing Officer (AO) received information that the assessee has deposited cash into

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the bank account during the year under consideration. The AO therefore reopened the assessment by issue of notice under section 148. The assessee initially did not respond to the notices but later filed the return of income. The assessee also filed details such as bank book, cash book, purchase register sales register etc. However the AO stated that the details furnished by the assessee do not pertain to the year under consideration and accordingly estimated the income of the assessee at 8% of the declared turnover to make an addition of Rs.22,98,211/-. Aggrieved, the assessee filed the appeal before the CIT(A). Since the assessee did not respond to the various notices the CIT(A) confirmed the addition made by the AO ex-parte. The assessee is in appeal before the tribunal against the order of the CIT(A).

3. The Ld. AR at the outset submitted that the findings of the AO that the details furnished by the assessee does not pertain to AY 2019-20 is factually incorrect. The Ld. AR in this regard drew our attention to the submissions made before the AO (page 134 to 136 of paper book). The Ld. AR further submitted that the assessee has filed the return of income in response to notice under section 148 which has been considered as invalid by the AO. The Ld. AR also submitted that the estimation of profit at 8% is very high since in the line of business the assessee is engaged in the profit margin is in the range of 2% to 5%. The Ld. AR in support of the said claim submitted a table containing the profit on the by the assessee from AY 2019-20 to AY 2025-26. The Ld. AR accordingly argued that the AO is not correct in estimating the profit at the very high percentage without considering the return and other details furnished by the assessee.

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4. The Ld. DR, on the other hand, submitted that the assessee has been non cooperative and therefore the lower authorities have correctly estimated the profit to be taxed in the hands of the assessee.

5. We heard the parties and perused the material on record. The assessee is an on filed. Based on the information that huge cash deposits have been made by the assessee the AO reopened the assessment. We notice that the assessee has filed the return of income on 04.12.2024 in response to notice issued under section 148 dated 15.04.2023. We further notice that the assessee has filed various details such as cash book, bank book, sales register, purchase register etc., pertaining to the year under consideration. We also noticed that the AO has treated the return as invalid and the AO did not consider the various details filed by the assessee stating that the details pertaining to a different AY. Therefore we see merit in the contention that the AO ought to have considered the various details before estimating the profit. During the course of hearing, the Ld. AR submitted the following table to substantiate the claim that in the line of business the assessee is engaged in the profit is in the range of 2% to 5%.

Shri. Veeranam Thirumalai - AY 2019-20								
S. No.	PARTICULARS	AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24	AY 2024-25	AY 2025-26
1	TOTAL TURNOVER	28,606,631	39,991,465	33,043,120	65,025,718	62,317,124	78,893,886	100,585,249
2	NET PROFIT	563,955	627,118	528,940	821,046	877,198	1,130,328	1,613,726
3	NP RATIO (%)	1.97%	1.57%	1.60%	1.26%	1.41%	1.43%	1.60%
4	Relevant Page No.	Page No.139	Page No.4	Page No.34	Page No.62	Page No.68	Page No.90	Page No.113
Average Profit - 1.55%								

6. From the perusal of the facts and the details furnished by the assessee, we are of the considered view that the estimation of profit at 8% by the AO

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without considering the details submitted is not correct. Further considering the above table reflecting the profit percentage of the assessee, we see merit in the claim of the assessee that the profit percentage is in the range of 2% to 5%. Therefore we directed the AO to restrict the estimation of the profit for the year under consideration at 3%. It is ordered accordingly.

7. In result, the appeal of the assessee is partly allowed.

Order pronounced on 27th day of February, 2026 at Chennai.

Sd/-
(एबी टी. वर्की)
(ABY. T. Varkey)

न्यायिक सदस्य / Judicial Member

Sd/-
(पदमवती यस)
(Padmavathy.S)

लेखा सदस्य /Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 27th February, 2026.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF