

IN THE INCOME TAX APPELLATE TRIBUNAL "B" BENCH, KOLKATA

**BEFORE SHRI RAJESH KUMAR, AM
AND
SHRIPRADIP KUMAR CHOUBEY, JM**

**ITA No.2340/KOL/2025
(Assessment Year: 2022-23)**

Jaya Chandra
BG-16, Krishnapur Hanapara,
Krishnapur, S.O. Baguiati, North
24 Paraganas, Kolkata-700102,
West Bengal

(Appellant)

PAN No. ACNPC7347P

ITO, Ward 43(1),
3 Government Place, East,
Kolkata-700001, West Bengal

Vs.

(Respondent)

Assessee by : Shri S.K. Pransukhka, AR
Revenue by : Shri Pradip Kumar Biswas, DR

Date of hearing: 17.02.2026
Date of pronouncement: 15.04.2026

ORDER

Per Rajesh Kumar, AM:

This is an appeal preferred by the assessee against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 22.09.2025 for the AY 2022-23.

2. The issue raised in ground no.1 is general in nature.
3. The issue raised in ground no.2 is not pressed at the time of hearing and is dismissed as not pressed.
4. The issue raised in ground nos.3 to 5 is against the confirmation of addition of ₹3,06,54,586/- by Id. CIT(A) as made by the Id. AO by

applying 8% on the total turnover when the suppliers failed to response to notices issued u/s 133(6) of the Act.

4.1. The facts in brief are that the assessee filed the return of income on 11.10.2022, declaring total income at ₹2,86,92,950/-. The case of the assessee was selected for scrutiny under Computer Assisted Scrutiny Selection (CASS), for three reasons namely; i) creditors more than 50% of the purchases, ii) taxable receipts from other sources shown in TDS 2, is higher than the receipts shown in the ITR, and iii) high liability as compared to low income/ receipt in ITR. The statutory notices along with questionnaire were issued which were replied by the assessee by furnishing the details and evidences as called for by the Id. Assessing Officer. The assessee is a sole distributor of ADMA India Pvt. Ltd, AMIT Biotech asndf Crystal Crop Protection Pvt. Ltd. Thus the assessee is engaged in the business of supplying agricultural receipts, fertilizer, plant and saplings etc. to West Bengal Government Seed Corporation. The above said three parties had authorised the assessee to participate in the tendering process, which are floated by West Bengal State Seed Corporation Limited (WBSSCL) and after procure the orders if tender is success , the assessee supplies the supply order to these three parties and accordingly, supplies the materials to the Corporation . During the course of assessment proceedings, the Id. AO noted that the assessee has made total purchases of ₹37,23,18,341/- vis-à-vis the total sales of ₹38,31,82,335/-. Out of the total sales, the sales to WBSSCL were ₹37,10,00,936/-. The assessee made purchase from the three parties as per details below:-

"ADMA India Pvt. Ld. ₹16,24,17,517/-

AMI Bio Tech ₹3,46,71,886/-

Crystal Crop

₹71,38,041/-"

4.2. The Id. AO issued notices u/s 133(6) of the Act to four parties including WBSSCL, however, the said notices were not replied. Thereafter, the Id. AO came to the conclusion that the assessee has failed to give the evidences of purchases and sales. Consequently, the purchases and sales remained unverifiable. The Id. AO accordingly rejected the books of accounts of the assessee u/s 145(3) of the Act and estimated to the profit at the rate of 8% on the total turnover of ₹38,31,82,335/-, which comes to ₹3,06,54,586/-. The Id. AO after allowing the business income as declared in the ITR a net addition of ₹2,49,74,293/- was made vide order dated 22.03.2024, passed u/s 143(3) of the Act read with section 144B of the Act.

4.3. In the appellate proceedings, the Id. CIT (A) also upheld the order of the Id. AO by holding that the assessee has not furnished the records to substantiate the physical delivery of goods for the purchases and accordingly, justified the addition.

After hearing the rival contentions and perusing the materials available on record, we find that the assessee is engaged in the business of wholesale trade of agricultural raw materials/seeds/fertilizers etc. We note and during the year out of the total sales of ₹38,31,82,335/-, the assessee supplied material worth of ₹37.10,00,936/- to WBSSCL a West Bengal owned entity. We note that the three suppliers from whom the assessee used to buy the materials namely; ADMA India Pvt. Ltd, AMIT Biotech and Crystal Crop Protection Pvt. Ltd. We note that the assessee made substantial purchases during the year and the evidences were placed before the Id. AO as well as CIT(A). We note that the assessee was

authorized by these three companies to participate in the tendering process floated by WBSSCL for procurement of agricultural equipment/ material/ seeds and after successful bidding the assessee used to pass all the supply orders to these three companies who used to supply material to the assessee and he further used to sell the materials to the WBSSCL. During the course of assessment proceedings, the assessee furnished before the Id. AO the bills, vouchers, books of accounts etc. However, certain bills could not be produced, nonetheless the books of accounts were audited by the tax auditor and there was no adverse interference drawn by the auditors on the books of account or on maintenance of records by the assessee. The Id. AO issued notice u/s 133(6) of the Act to the above three parties and also to WBSSCL, however, the same were not replied and thereafter the books of accounts of the assessee were rejected on the ground that the assessee has not furnished the documents/ correct supporting evidences to substantiate the business, purchases, sales, expenses, unsecured loans and other business related transactions during the year and therefore the books were rejected and the profits were estimated by applying the rate of 8% on the total turnover thereby estimating the income on the turnover at ₹3,06,54,586/-. After allowing the deduction of business income as declared in the return of income of ₹56,80,293/- a net addition of ₹2,49,74,293/- was made by the AO. The Id. CIT (A) simply confirmed the order of the Id. Assessing Officer.

4.4. We note that the addition was made by the AO merely on the ground that the notices u/s 133(6) of the Act were not complied whereas the assessee has placed before the Id. AO as well as before the appellate authority the purchases invoices in certain cases along with e-way bills, transport documents etc., along with books of

account. We also note that the substantial part of the sales were made by the assessee to the government corporation as out of total sales of ₹38,31,82,335/-, the sales to WBSSCL were ₹37,10,00,936/- . We also observe that there is consistency in the pattern of earning/sales of the assessee. We also note that the Id. AO has rejected the books of accounts merely on the ground that the assessee has not furnished certain invoices and estimated the income at the rate of 8% on the total turnover which in our opinion is incorrect and cannot be sustained. Therefore, we are not in agreement with the conclusion drawn by the Id. CIT (A) on this issue. We note that the assessee has furnished all the documents before the Id. CIT (A) but Id. CIT (A) instead of considering the documents furnished by the assessee only preferred to uphold the order of the Id. AO on the ground that the assessee has not furnished the evidences before the Id. Assessing Officer.

4.5. We also note that the AO has not pointed out any defect or deficiency in the books of accounts maintained by the assessee but rejected the same on the ground that certain invoices were not produced and 133(6) notices were not replied by the suppliers. In our opinion the rejection of books of account without pointing out any defect is bad in law and can not be sustained. The case of the assessee is squarely covered by the decisions of the Hon'ble Delhi High Court in the case of CIT Vs Smt Poonam Rani 326 ITR 223 (Delhi) and by the decision of Hon'ble Punjab and Haryana High Court in CIT Vs Om Overseas (2009) 315 ITR 185(P&H). In our considered opinion the order passed by the Id. CIT(A) upholding the assessment order is wrong and can not be sustained. Therefore, we set aside the order of Id. CIT (A) on this issue and direct the Id. AO to



delete the addition by holding that the books of accounts were wrongly rejected by the Id. Assessing Officer

5. In the result, the appeal of the assessee is allowed.

Order pronounced on 15.04.2026.

Sd/-
(PRADIP KUMAR CHOUBEY)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 15.04.2026

Sudip Sarkar, Sr.PS

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Asst. Registrar
Income Tax Appellate Tribunal, Kolkata