

IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, CHANDIGARH

PHYSICAL HEARING

**BEFORE HON’BLE SHRI RAJPAL YADAV, VICE PRESIDENT
AND
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

ITA No.770/CHANDI/2023

(निर्धारण वर्ष / Assessment Year: 2017-18)

Shri Varun Kumar Jain Prop. Varun Jewellers Near Kesho Ram Halwai Aapo Aap Street, Nabha (Punjab) - 147201	बनाम/ Vs.	ITO Ward Nabha Railway Road Nabha (Punjab) - 147201
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AFUPJ-3948-R		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

Revenue by	:	Sh. Tejmoohan Singh (Advocate) – Ld. AR
Assessee by	:	Dr. Ranjit Kaur (Addl. CIT) – Ld. Sr. DR

सुनवाईकीतारीख/ Date of Hearing	:	14-01-2026
घोषणाकीतारीख / Date of Pronouncement	:	16-01-2026

आदेश / O R D E R

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid appeal by assessee for Assessment Year (AY) 2017-18 arises out of an order of learned Commissioner of Income Tax (Appeals), NFAC [CIT(A)] dated 20-11-2023 confirming an assessment as framed by Ld. Assessing Officer [AO] on *best* judgment basis u/s 144 on 23-12-2019. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under.

2. During assessment proceedings, the Ld. AO observed that the assessee deposited cash of Rs.12.34 Lacs in its two bank accounts in old currency during demonetization period. However, no return of income was filed by the assessee. The assessee furnished computation sheet declaring business income u/s 44AD for Rs.3,78,396/- on turnover of Rs.47,29,950/- and accordingly stated that the deposits represent sale proceeds of business, accumulated savings and cash-in-hand. The net income was shown as Rs.2,98,080/-. The assessee also stated that Rs.2.50 Lacs represent gift from father-in-law. However, he could not furnish sufficient documentary evidences to prove the same. The said return of income was held to be invalid and belated by Ld. AO and Ld. AO framed assessment on best judgment basis wherein Ld. AO rejected business claim of the assessee though the assessee furnished some of the sales records viz. sale bill books etc. The sales turnover was also held to be abnormal. Finally, the deposits of Rs.12.34 Lacs as well as returned income of Rs.2.98 Lacs was considered as undisclosed income and brought to tax @60% u/s 115BBE. The Ld. CIT(A) confirmed the assessment against which the assessee is in further appeal before us.

3. It emerges that the assessee has furnished some documentary evidences viz. sales bill book to establish its business claim. The return of income, though filed belatedly, has been furnished declaring business income u/s 44AD. Since the income has been offered on presumptive basis, there is no requirement for the assessee to

maintain elaborate records and regular books of accounts. Similar income has been offered by the assessee during past many years. Therefore, the business claim is to be accepted. However, considering the fact that the claim could not be fully substantiated and the gift could also not be substantiated fully, we confirm lump sum addition of Rs.2.50 Lacs in the hands of the assessee. The same would be over and above the net returned income of Rs.2,98,080/-. The returned income which shall be considered as normal business income only. The confirmed addition of Rs.2.50 Lacs would be subject to normal rate of tax since higher rate of tax u/s 115BBE would not be applicable in this year as per the decision of Hon'ble High Court of Madras (Madurai Bench) in **S.M.I.L.E. Microfinance Ltd. vs. ACIT (WP (MD) No.2078 of 2020 dated 19-11-2024)**. We order so. The Ld. AO is directed to re-compute the income of the assessee. No other ground has been urged before us.

4. The appeal stand partly allowed.

Order pronounced on 16th January, 2026.

-Sd-
(RAJPAL YADAV)
VICE PRESIDENT

-Sd-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Dated: 16-01-2026

आदेश की प्रतिलिपि अग्रेषित /Copy of the Order forwarded to :

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH