

**IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, AHMEDABAD**

BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT

I.T.A. No.1910/Ahd/2025
(Assessment Year: 2020-21)

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| Rajesh Ramkishan Gupta, C/o. Rajesh Patang Ghar, Below Gupta Building, Station Road, Palanpur, Gujarat-385001 [PAN : ACVPG0428M] | Vs. | ITO, Ward-1, Palanpur |
| (Appellant) | .. | (Respondent) |

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| Appellant by : | Shri S N Divatia, AR |
| Respondent by: | Shri Arvind Kumbhare, Sr. DR |
| Date of Hearing | 19.03.2026 |
| Date of Pronouncement | 24.03.2026 |

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

The captioned appeal has been filed by the assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), Ahmedabad, National Faceless Appeal Centre (in short "NFAC"), Delhi vide order dated 20.08.2025 relevant to Assessment Year 2020-21.

2. The assessee has raised the following grounds of appeal:

1.1 The order passed by passed on 20-08-2025 by NFAC[CIT(A)], Delhi for A.Y. 2020-21 (for short CIT(A))" upholding the validity of reopening u/s 148 of the Act and addition of Rs.4,26,100/-made by A.O. as unaccounted purchases is wholly illegal, unlawful and against the principles of natural justice.

2.1 The ld. CIT(A), has grievously erred in law and or on facts in not appreciating that there could not be compliance to the notices claimed to be issued mainly because the appellant being illiterate and ignorant about complexed tax laws and operation of computer. Thus, there was a sufficient cause for failure to comply with the notices claimed to be issued by NFAC.

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3.1 *The ld. CIT(A) has grievously erred in law and or on facts in upholding the validity of re-opening u/s 148, though the condition precedent for valid reopening were not satisfied.*

3.2 *That the in the facts and circumstances of the ld. CIT(A), ought not to have upheld the validity of reopening u/s 148.*

4.1 *The ld. CIT(A) has grievously erred in law and or on facts in upholding the addition of Rs. 4,26,100/- made by A.O. as unaccounted purchases.*

4.2 *That the in the facts and circumstances of the ld. CIT(A), ought not to have upheld the addition of Rs. 4,26,100/- made by A.O. as unaccounted purchases.*

3. The appellant is an individual engaged in the retail business of seasonal and festival items such as firecrackers and kites under the name **M/s Rajesh Patang Ghar**. He is regularly assessed to tax. He filed his original income tax return for A.Y. 2020-21 on 09.11.2020, declaring a total income of Rs. 2,52,540. Subsequently, he filed a revised return on 19.02.2021, declaring a total income of Rs. 2,02,540, which included business income estimated under section 44AD. The **Assessing Officer (AO)** initiated proceedings under section 148 by issuing a notice on **31.03.2024**, on the ground that certain documents and materials seized during a search under section 132 in the case of **Ambica Fire Works Group of Ashish Jayantilal Khajanji** were found to pertain to the appellant. The AO noted that a **satisfaction note** was recorded on 21.03.2024 by ITO, Wd-1, Palanpur, and was approved by the Pr. CIT-3, Ahmedabad, the specified authority, on 27.03.2024. In response to this notice, the appellant filed an income tax return declaring total income of Rs. 2,02,540 on 30.04.2024. During the course of reassessment proceedings, the AO issued several notices for hearings. It was observed that during a **survey under section 133A** at the godown premises of **M/s Ambica Ashish Tradelink LLP**, the statement of

Tejas Modi, the logistics manager, was recorded. He was confronted with **page 5 of Annexure A-4 (bill of sales)**. It was ultimately found that Ambica's modus operandi involved evading tax and receiving unaccounted money by providing discounts and special discounts in their sales bills. Since the appellant was one of the purchasers from Ambica and had made **cash transactions of Rs. 4,26,100 in FY 2019-20**, this amount was treated as **unexplained income under section 69A**. During the assessment proceedings, the appellant submitted detailed explanations with supporting documents, including replies dated **07.10.2024** (with Annexure 1-3) and **12.02.2025** (uploaded on 13.02.2025, with Annexures 1-15). However, the appellant could not respond to the **show-cause notice dated 06.02.2025**, as he was not computer-savvy and was unaware of its issuance. In the absence of a response to the show-cause notice, the AO concluded that the **purchases of Rs. 4,26,100 from Ambica were unaccounted** and made an addition to the appellant's income.

4. Being aggrieved, the assessee preferred an appeal to the **NFAC CIT(A)**. The CIT(A) observed that the assessee had not furnished any explanation or documents despite being granted opportunities. Accordingly, the addition was **confirmed**.

5. The entire assessment order and the order of the Ld.CIT(A) has been perused in details.

6. The assessee is a small-time reseller of fire cracker during seasonal business. The AO made addition of Rs.4,26,100/- on account of purchases, the record reveals that the total turnover of the assessee

is Rs. Rs.11,20,000/-. Duly **considering the tenets of law, public policy and the principles of good governance**, the court has no two qualms to hold that interest of justice would be well served by directing the revenue to determine 8% as the net profit on the turnover of **Rs.11,20,000/-**.

7. In the result, the appeal filed by the assessee is partly allowed.

The order is pronounced in the open Court on 24.03.2026.

Sd/-
(DR. B.R.R. KUMAR)
VICE-PRESIDENT

(True Copy)

Ahmedabad; Dated 24.03.2026

MV

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad