

## **Rejection of Books of account merely on account of marginal fall in gross profit held invalid**

**Summary – The Ahmedabad ITAT in a recent case of Mayankkumar Natwarlal Soni, (the Assessee) held that Rejection of Books of account merely on account of marginal fall in gross profit would not be allowed and held invalid**

### **Facts**

- The assessee was subjected to survey proceedings and on the basis of the material found and the books of account, the assessee offered to tax additional income on account of stock difference.
- The assessee filed a return accordingly which was picked up for scrutiny after which the Assessing Officer made addition on account of estimated gross profit on estimated sales stating that there was marginal fall in gross profit.
- The Commissioner (Appeals) confirmed addition made by Assessing Officer.
- On second appeal:

### **Held**

- The ITAT held that the addition made is in respect of the unaccounted sales and the income has voluntarily been offered to tax by the assessee. Hence there was no reason to make separate additions on the basis of the same material.
- The assessing officer has made addition ignoring assessee detailed explanations for the fall in the gross profit rate.
- The ITAT held that no legally sustainable reasons are found to disturb the GP rate shown by the assessee. This plea is also, therefore, upheld.