

आयकर अपीलीय अधिकरण, 'सी' न्यायापीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

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

ITA No.128/CHNY/2026 निर्धारण वर्ष/Assessment Year: 2018-19		
SELVAKUMAR ARUMUGAM, 204, KLR BUILDING, SASTRI ROAD, RAMANAGAR, COIMBATORE-641009, TAMIL NADU	Vs.	ACIT, NON CORPORATE WARD 4(4), COIMBATORE
अपीलार्थी Appellant		प्रत्यर्थी Respondent
Permanent Account Number of Assessee:		AFDPA9597C
अपीलार्थी द्वारा/Appellant represented by:	Mr. T Vasudevan, Advocate	
प्रत्यर्थी द्वारा/Respondent represented by:	Smt. Samatha Mullamudi, Addl CIT	

सुनवाई की तारीख / Date of conclusion of hearing:	13-08-2026
घोषणा की तारीख / Date of pronouncement:	19-08-2026

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 13.12.2025 for Assessment Year (AY) 2018-19.

2. The assessee is a Doctor by profession and did not file the return of income. The AO received information that the assessee has received substantial amount of professional fees and that the assessee has also entered into certain purchase and sale of shares. Since the assessee did not file the

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return of income, the A.O reopened the assessment by issue of notice u/s. 148 of the Act. The assessee neither filed the return of income nor responded to any of the notices issued by the A.O and therefore the A.O completed the assessment u/s 147 r.w.s 144 of the Act assessing the income at Rs.38,48,710/-. Aggrieved, the assessee filed further appeal before the CIT(A). Before the CIT(A), the assessee submitted that as per the provisions of section 44ADA only 50% of the fees received is assessable to tax on presumptive basis. With respect to the addition made towards share transactions, the assessee submitted that only the difference between the purchases and the sale value can be added since the cost of acquisition is from the known source. The CIT(A) however held that the provisions of section 44ADA can be applied only when the assessee files the return of income declaring income on presumptive basis. The CIT(A) further held that since the assessee neither filed the return nor cooperated during the assessment proceedings, the addition made by the AO towards profession charges is to be upheld. The CIT(A) also upheld the other additions/disallowances made by the A.O. The assessee is in appeal before the Tribunal against the order of the CIT(A) raising the following grounds of appeal:

“1. Learned Commissioner of Income-tax is not justified in confirming that gross professional fee receipts of Rs. 35,01,500 constituted taxable Income, while Income-tax is chargeable on net income alone, even in assessment made under section 144.

2. Learned Commissioner of Income-tax (Appeals) ought to have recognized that Section 44ADA envisages adopting only fifty percent of total gross receipts as taxable income, even without necessity to evidence expenses incurred.

3. View of Learned Commissioner of Income-tax (Appeals) that benefits of Section 44ADA are available only when books of account are maintained and return of income is filed is not approved by the Section.

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4. Holding both purchases of equity shares made for Rs. 1,14,446 and sales of Rs. 1,23,975 as taxable is not correct, instead of the difference of Rs. 9,529 alone.

5. Treating cost of equity shares of Rs. 1,14,446 as unexplained investment under section 69A is not proper, while professional income exceeding this amount was available.

6. For these and other reasons, which may be stated at the time of hearing of the appeal, it is prayed that the income assessed may kindly be reduced by Honourable Income Tax Appellate Tribunal.”

3. The Ld. Authorized Representative (AR) of the assessee submitted that the assessee being a Doctor by profession is covered under the provisions of Section 44ADA of the Act and that the conditions stated therein in terms of overall profession receipts being less than 50 lakhs is also fulfilled. The Ld. AR further submitted that the section does not mandate that the assessee ought to have filed the return of income to avail the benefit of presumptive taxation and therefore rejecting the assessee's claim on the said ground by the CIT(A) is legally not tenable. The Ld. AR also submitted that the assessee has not maintained any books of accounts and therefore has offered 50% of his professional receipts as the income. The Ld. AR brought to our attention that in subsequent years the assessee has filed the return of income by offering income on presumptive basis u/s. 44ADA of the Act and the revenue has processed the return u/s.143(1) accepting the income of the assessee. The Ld. AR accordingly argued that even on the principle of consistency, the income offered for the year under consideration has to be accepted by the Revenue and addition made at 100% of receipts cannot be sustained.

4. The Ld. Departmental Representative (DR), on the other hand, relied on the orders of the lower authorities.

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5. We have heard the parties and perused the material available on record. The assessee is a Doctor by profession and the professional receipts as reflected in Form 26AS are Rs.35,01,500/-. The assessee did not file the return of income and also did not comply with the notices issued by the A.O. during the assessment proceedings. The A.O., therefore, treated the entire professional receipts as the income of the assessee. Before the CIT(A), the assessee submitted that 50% of the professional receipts may be considered as income, referring to the presumptive basis provided u/s.44ADA of the Act. The CIT(A), however, rejected the claim mainly on the ground that the assessee had not filed the return of income. In the present appeal, we are not called upon to decide the question as to whether the assessee could formally avail the benefit of section 44ADA in the absence of a return filed by him. The question before us is whether, on the facts of the case, the entire gross professional receipts of Rs.35,01,500/- can be treated as the income of the assessee. The assessee had himself offered 50% of the professional receipts as income before the CIT(A) and has also submitted that the corresponding tax liability has been discharged. In our considered view, merely because the assessee had not filed the return of income, the entire gross professional receipts, cannot automatically be treated as the net professional income of the assessee. It is also relevant to consider the submission of the Ld. AR that in the subsequent assessment years, the assessee has filed returns and offered 50% of the professional receipts as income under the presumptive provisions of section 44ADA and the same has been accepted by the Revenue while processing the returns u/s.143(1) of the Act. Though we are conscious that such acceptance in the subsequent years cannot, by itself, confer the statutory benefit of section 44ADA for the year under consideration, it is certainly a relevant circumstance for considering the reasonableness of the income

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offered by the assessee, particularly when the assessee is carrying on the same profession and there is no material to suggest any material change in the nature of the professional activity or the manner of earning the receipts. Considering the totality of the facts, viz., the nature of the assessee's profession, the assessee's own offer before the CIT(A) to adopt 50% of the professional receipts as income, the payment of tax on such income and the consistent treatment followed and accepted by the Revenue in the subsequent assessment years, we are of the view that adoption of 50% of the gross professional receipts would be a reasonable basis for determining the professional income for the year under consideration. Accordingly, we direct the A.O. to adopt Rs.17,50,750/-, being 50% of the professional receipts of Rs.35,01,500/-, as the income from profession. The grounds raised by the assessee on this issue are accordingly allowed.

6. During the course of hearing, the Id AR did not present any arguments with regard to the other additions sustained by the CIT(A). Accordingly, the grounds raised pertaining to the same are dismissed as not pressed.

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

Order pronounced on 19th day of August, 2026 at Chennai.

Sd/-
(एबी टी. वर्की)
(ABY. T. Varkey)

न्यायिक सदस्य / Judicial Member

चेन्नई/Chennai, दिनांक/Dated: 19th August, 2026.

EDN, Sr. P.S

Sd/-
(पदमावती यस)
(Padmavathy.S)

लेखा सदस्य / Accountant Member

**EJTADA DURGA
NARESH**

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EJTADA DURGA NARESH
Date: 2026.08.20
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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