Commissioner of Income Tax-II, Jodhpur v. Meera Devi and Party

D.B. Income Tax Appeal 47/2004

D.B. Income Tax Appeal 47/2004 | 2007-01-25

Best-judgment estimate remitted for fresh Tribunal decision

High Court of Judicature for Rajasthan | Jodhpur | Rajesh Balia | Chatra Ram Jat

Assessment years: 1993-94

01 FACTS OF THE CASE

For AY 1993-94, the liquor contractor returned Rs.18,27,180. The officer rejected unvouched sales books, applied a higher net-profit rate to country liquor and a gross-profit rate to Indian-made foreign liquor purchases without adjusting allowable expenses. The first appellate authority reduced the additions. The Tribunal upheld rejection of books but deleted all additions, relying on better reported results and lack of Revenue material.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

Following the earlier decision quoted in the order, the Court held that upheld rejection of books could not be neutralised simply by requiring exact proof of a best-judgment estimate and accepting the rejected results. Verifiable costs remained relevant. At the same time, the unexplained difference in estimation methods and omission of expense deductions required reconsideration.

Source: PDF pp.3–5

03 JUDICIAL DECISION

Revenue's appeal was allowed, the Tribunal's judgment set aside, and the matter remitted to the Tribunal for a fresh decision according to law. No costs were ordered.

Source: PDF p.5

04 OUTCOME / IN WHOSE FAVOUR

Revenue obtained remand, not a final quantified addition. The Court neither restored the officer's estimate as the final liability nor finally accepted the assessee's returned profits.

Source: PDF pp.4–5

05 EXPERT COMMENTS

Rejection of books and estimation are separate steps — The Tribunal accepted the defects justifying rejection but effectively reinstated the declared results because the officer had not proved an exact alternative. The Court considered that approach inconsistent with best judgment, which necessarily involves estimation. The assessee could still support its results, but the upheld defects could not simply be ignored.

A permissible estimate still needs a coherent method — The decision did not approve arbitrary rates. It identified the officer's different treatment of country liquor and Indian-made foreign liquor, along with failure to adjust expenses after applying a gross-profit rate, as reasons for a fresh decision. The practical distinction is between unreasonable insistence on mathematical certainty and a legitimate demand for a rational estimation basis.

Report the remand and preserve the separate appeal — The operative relief sends this appeal back to the Tribunal. The order relies on appeal 46/2004 decided 13 September 2005 and discusses Sunil Talwar Murlidhar & Party, but those references do not merge this docket 47/2004 into another case. The present source specifies AY 1993-94; its repetition of that year for the earlier case is retained rather than corrected by conjecture.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Rajasthan High Court order; verified source copy

Complete source PDF reviewed: 5 physical pages.

All 5 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Sections and disposition are recorded only to the extent stated in this source order.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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