

10% Presumptive Tax on Business of Hiring Security Guards for Customers

Fact of the Case

1. The assessee, Santi Ranjan Biswas is engaged in the business of manpower/security guards supply and earns profit out of the receipts after paying wages to the security guards provided by him to the customers.
2. During the year, the assessee received Rs.1,16,75,752/- on account of services rendered to his customers.
3. The assessee has shown the net receipts of Rs.18,50,000/- as gross profit and declared a total loss of Rs.12,385/- in the return of income. The Assessing Officer disallowed an amount of Rs.98,25,752/- being the difference of the total receipts as per the AS-26 and the net receipt shown on the grounds that the tax credit claimed in the ITR is less than the receipt shown as per the AS-26.
4. The assessee submitted that notwithstanding anything, the assessee may be taxed at the presumptive rate of 8% on the gross receipts.

Decision of the Case

1. The ITAT noted that in the instant case, the assessee straightly doesn't fall into "The Scheme of Things" as he defaulted on payment of advance tax and disclosure of the profits at the rate of 8% on the gross receipts and filing of the same in the return of income.
2. At the same time, the facts of the case are that the assessee is a small taxpayer engaged in the supply of security guards and earns his income out of the margin after paying wages and salary to the security guards he hires for his customers. Hence, keeping in view the entire facts and circumstances of the case and in the peculiarities of the instant case, we feel ends of justice would be met by directing the assessee to pay tax at the rate of 10%.