REPLY OF NOTICE UNDER SECTION 144(3) FOR REJECTION OF BOOKS DUE TO LOW GROSS PROFIT RATE

From,

……………………………….....

……………………………….....

Dated ……………………….

To,

The Assessing Officer,

Circle/Ward …………………….

Dear Sir/Madam,

Subject : Reply of Your Notice u/s 144(3) for rejection of books due to low gross profit rate

PAN No ………………….

Please refer to your notice dated ………….. u/s 144(3) of the Income Tax Act, 1961 seeking to make best judgment assessment of the assessee on the basis of low rate for Assessment Year …………………… served on my client ……………….

In this context It is submitted that in Commissioner of Income Tax vs. Mewar Polytex (P) Ltd. (1995) 51 TTJ (Jp-Trib) 698, it was held that mere low G.P. rate by itself is not a ground at all for rejection of books and mere one irregularity cannot justify rejection of the entire books of account.

In this view of the matter, accounts cannot be rejected merely on the basis of low G.P. rate.

Therefore, the proposed assessment would be bad in law.

You are requested to kindly drop the proceeding in the above case..

Thanking you

Yours faithfully

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