

**IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ' A ' SMC Bench, Hyderabad**

Before Smt. P. Madhavi Devi, Judicial Member

ITA No.1013/Hyd/2019		
Assessment Year: 2015-16		
Shri Ibrahim Syed, Hyderabad PAN:AWHPS4763K (Appellant)	Vs.	Income Tax Officer, Ward 8(1) Hyderabad (Respondent)
Assessee by:	Sri K.A. Sai Prasad	
Revenue by:	SriSunku Srinivas, DR	
Date of hearing:	31/10/2019	
Date of pronouncement:	01/11/2019	

ORDER

This is assessee's appeal for the A.Y 2015-16 against the order of the CIT (A)-12, Hyderabad, dated 1.2.2019.

2. Brief facts of the case are that the assessee, an individual, doing the business of trading, filed his return of income for the A.Y 2015-16 on 13.1.2017 admitting total income of Rs.2,86,470/-. During the assessment proceedings u/s 143(3) of the Act, the AO observed that there are cash credits into the assessee's Bank a/c in Synidicate Bank, Jahanuma, Hyderabad amounting to Rs.10,54,737/- and Darussalam Co-operative Urban Bank Ltd amounting to Rs.43,74,375/-. A show cause notice was therefore, issued to the assessee proposing to treat the cash credits in both the accounts as income of the assessee. The assessee filed its reply. On verification of the return of the income of the assessee in the light of the reply of the assessee, the AO accepted Rs.42,52,000/- as the business turnover of the assessee

and accordingly estimated the profit thereon. However, on the deposits in the Syndicate Bank amounting to Rs.10,54,737/- is concerned, he held that these are cash credits over and above the sales turnover. Therefore, the entire sum of Rs.10,54,737/- was brought to tax u/s 69 of the Act. Aggrieved, the assessee preferred an appeal before the CIT (A) who confirmed the order of the AO and the assessee is in second appeal before us by raising the following grounds of appeal:

“1. The learned First Appellate Authority dismissing the appeal is not correct either in law or on facts and in both.

2. The learned First Appellate Authority is not justified not affording proper opportunities before disposing of the appeal.

3. The learned First Appellate Authority is not justified in confirming addition of Rs.10,54,737/- made as unexplained investment u/s 69 of the I.T. Act”.

3. The learned Counsel for the assessee submitted that the AO, having accepted the deposits in Darussalam Co-operative Urban Bank Ltd of Rs.43,74,375/- as the turnover of the assessee, ought to have accepted the deposits in Syndicate Bank also as turnover of the business and ought to have estimated the income thereon. He also submitted that the CIT (A) has dismissed the assessee's appeal for non-appearance and has not discussed the merits of the case. He has filed the copies of the Bank Statement in Syndicate Bank to demonstrate that the cash deposits made into the Bank are not Rs.10,54,737/- but was only Rs.7,75,000/-.

4. The learned DR however, submitted that the assessee did not cooperate with the CIT (A) and therefore, the appeal was

dismissed for default and therefore, the assessment order should be confirmed.

5. Having regard to the rival contentions and the material on record, I find that into the assessee's Bank A/c with Syndicate Bank, there were cash deposits and also bank transfers, and according to the assessee, the cash credits are only of Rs.7,75,000/-. These facts need verification by the AO. However, since the AO has accepted the cash credits in the Darussalam Co-operative Urban Bank Ltd of Rs.43,74,375/- as business turnover, I am of the opinion that even the deposits in the Syndicate Bank ought to have been treated as business receipts and only income portion of the same should have been brought to tax. Therefore, I am inclined to set aside the order of the AO and remand the issue to the file of the AO for verification of the cash credits into Syndicate Bank and I direct the AO to treat the same also business turnover and only the net income therefrom be brought to tax.

6. In the result, assessee's appeal is treated as allowed for statistical purposes.

Order pronounced in the Open Court on 1st Nov. 2019.

Sd/-

(P. MADHAVI DEVI)
JUDICIAL MEMBER

Hyderabad, dated 1st Nov. 2019.

Vinodan/sps

Copy to:

- 1 Shri Ibrahim Syed, C/o Katrapati & Associates, 1-1-298/2/B/3,
1st Floor, Ashok Nagar, Hyderabad 500020
- 2 ITO Ward 8(1) Signature Towers, Opp: Botanical Garden,
Kondapur, Hyderabad 500084
- 3 CIT (A)-12 Hyderabad
- 4 Pr. CIT – 2 Hyderabad
- 5 The DR, ITAT Hyderabad
- 6 Guard File

By Order