

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCH "A-SMC", HYDERABAD

BEFORE SHRI A. MOHAN ALANKAMONY,
ACCOUNTANT MEMBER

	ITA No.1427/Hyd/2019		
	Assessment Year: 2016-17		
Lakshmiramana Bandaru, Kadapa. PAN: AJXPB 1008 M	Vs.	Income Tax Officer, Ward-2, Kadapa.	
(Appellant)		(Respondent)	
Assessee by:	Sri K.K. Gupta		
Revenue by:	Sri Sunil Babu, DR		
Date of hearing:	19/12/2019		
Date of pronouncement:	16/01/2020		

ORDER

This appeal is filed by the assessee against the order of the Ld. CIT(A), Kurnool in appeal No. 10312/CIT(A)-KNL/2018-19, dated 02/08/2019 passed U/s. 143(3) r.w.s 250(6) of the Act for the A.Y. 2016-17.

2. The assessee has raised the following grounds in his appeal:

- "1. The addition to the returned income is not correct and justified when the appellant has proved the sources and explained the facts.*
- 2. On the above and other grounds that arise during the appeal, the appellant requests for an order deleting the additions made in the assessment."*

3. Brief facts of the case are that the assessee is an individual engaged in the business of pesticides and seeds trading in the name of M/s. Bhoomi Pesticides & Seeds. For the A.Y. 2016-17, the assessee had filed his return of income on 01/07/2017 declaring total income of Rs. 3,39,730/-. Thereafter, the case was selected for scrutiny through CASS with a reason "high cash on hand compared to the preceding year" and accordingly notices U/s. 143(2) and 142(1) were issued. On query the assessee submitted that during demonetization period, huge amount of cash was realized from trade debtors. However, on verification it was observed by the Ld. A.O. that the explanation offered by the assessee is incorrect and further the assessee had filed his return of income belatedly declaring such huge cash balance. Accordingly, the Ld. A.O. treated the cash on hand amounting to Rs. 40,61,283/- as unexplained cash credit and made addition. On appeal, the Ld. CIT(A) confirmed the addition made by the Ld. A.O since the assessee could not offer any satisfactory explanation towards the cash on hand amounting to Rs. 40,61,283/-. Aggrieved by the order of the Ld. CIT (A), the assessee is now in appeal before us.

4. At the outset, the Ld AR submitted that one more opportunity may be provided to the assessee so that the assessee may be able to explain the cash balance in his books for the relevant AY by submitting cash flow statements for the relevant assessment year as well as for the

earlier assessment years. Ld. AR further submitted that the assessee is engaged in small time business and if such addition is made in the hands of the assessee it would jeopardise his business and bring irreparable loss. The Ld. DR on the other hand opposed to the submissions of the ld. AR.

5. I have heard the rival submissions and carefully perused the materials on record. In the written submissions the assessee has also taken a stand that his appeal was taken up under limited scrutiny with respect to "cash on hand". Therefore, CBDT Circular F. No. 225/402/2018/ITA.II will apply. I do not find any merit in the stand taken by the assessee in this regard because the assessee has not explained the reason for possessing such huge cash balance and the source as on 31/3/2016. Further, during the assessment proceedings and the first appellate proceedings the assessee has not furnished any explanation non that regard. Therefore, I do not find much merit in the arguments advanced by the Ld. AR. However, considering the plight of the assessee and looking into the quantum of addition, in the interest of justice, I hereby remit the matter back to the file of the Ld. AO, thereby providing the assessee with one more opportunity of being heard. At the same breath we also hereby direct the assessee to cooperate promptly before the ld. Revenue Authorities in their proceedings failing which they shall be at liberty to pass appropriate order in

accordance with merit and law based on the materials on record. It is ordered accordingly.

6. In the result, appeal of the assessee is allowed for statistical purposes as indicated hereinabove.

Pronounced in the open Court on 16th January, 2020.

Sd/-
(A. MOHAN ALANKAMONY)
ACCOUNTANT MEMBER

Hyderabad, Dated: 16th January, 2020.
OKK

Copy to:-

- 1) Lakshmiramana Bandaru C/o. K.K. Gupta, FCA, Chartered Accountant, 3464, Dundoo Vihar, R.P. Road, Secunderabad – 500 003.
- 2) The Income Tax Officer, Ward-2, Kadapa, O/o. The Income Tax Officer, H.No.2-430-8, Nagarajupet, Kadapa, Andhra Pradesh- 516001.
- 3) The CIT(A), Kurnool.
- 4) The Pr. CIT, Kurnool.
- 5) The DR, ITAT, Hyderabad
- 6) Guard File