

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES : BENCH "B" HYDERABAD**

**(Through Video Conference)**

**BEFORE SHRI S.S. GODARA, JUDICIAL MEMBER  
AND  
SHRI L.P. SAHU, ACCOUNTANT MEMBER**

**I.T.A. No. 951/Hyd./2017  
Assessment Year : 2005-06**

Shri Pandala Lingam Goud  
Hyderabad

**vs.** ITO, Ward - 15 (4)  
Hyderabad

[PAN: AHEPP 7826Q]

(Appellant)

(Respondent)

For Assessee: Shri S. Rama Rao, Adv.  
For Revenue: Shri Rohit Mujumdar, CIT, D.R.

Date of Hearing : 07/04/2021

Date of Pronouncement : 11/06/2021

**ORDER**

**PER S.S. GODARA, J.M.**

This assessee's appeal for AY 2005-06 arises from CIT(A)-7 Hyderabad's order dated 08.11.2016 passed in case no. 229/2015-16 involving proceedings u/s 143(3) r.w.s. 254 of the Income Tax Act, 1961 for short 'the Act'.

Heard both the parties. Case file perused.

At the outset it is observed that there is a delay of 21 days in filing the appeal before the Tribunal. Assessee submitted affidavit stating that due to his ill health and hospitalization the appeal was delayed and prayed for condonation of the delay. As the delay is neither intentional nor wilful, we condone the same.

2. The assessee has raised the following substantive grounds in the instant appeal.

*“2. The ld.CIT(A) erred in confirming the action of the AO in applying the provisions of sec.68 of the Act to unsecured loans aggregating to Rs.3 lakhs.*

*3. The ld.CIT(A) erred in confirming the action of the AO in treating the amount of Rs.5,30,338/- as unexplained deposits into bank account by applying provisions of sec.69A of the Act particularly when the appellant had source for such deposits.*

*4. The ld.CIT(A) erred in confirming the addition of Rs1,17,846/- being difference between purchases and sales of cosmetics. The ld.CIT(A) ought to have held that the said amount represents business loss.*

*5. The ld.CIT(A) erred in confirming the action of AO in holding that the expenditure of Rs14,115/- incurred by the appellant is not relatable to business activity.”*

3. Learned counsel is fair enough at the outset that the assessee no more wishes to press his 2<sup>nd</sup> , 4<sup>th</sup> & 5<sup>th</sup> substantive grounds; keeping in mind smallness of the sums therein provided the same are held as eligible for telescoping benefit against unexplained deposit additions of Rs.5,30,338 (ground no.3).

4. Learned DR although supported all the impugned additions but failed to dispute the clinching fact that the impugned additions' sum(s) of Rs.1,17,846/- and Rs.14,115/- have not been considered as forming source

of assessee's alleged unexplained deposits and no telescoping benefit considered against the same in other words.

5. Faced with this factual position, we affirm the impugned addition of unsecured loans of Rs.3 lakhs, difference between the purchase and sales of Rs.17,546/- and expenses of Rs.14,115/- and direct the Assessing Officer to grant telescoping of the same against the unexplained deposits of Rs.5,30,338/- as per law. Ordered accordingly. The assessee's 3<sup>rd</sup> substantive ground is partly accepted in foregoing terms.

This assessee's appeal is partly allowed in above terms.

Pronounced in Open Court on 11<sup>th</sup> June, 2021.

**Sd/-**

**Sd/-**

**(L.P. SAHU)**  
**ACCOUNTANT MEMBER**

**(S.S. GODARA)**  
**JUDICIAL MEMBER**

Dated: the 11<sup>th</sup> June, 2021.

\* gmV

Copy of the Order forwarded to:

1. Sri Pandala Lingam Goud, H.No. 19-18/17B, Rukiminipuram, ECIL, Kapra, Hyderabad 500 062.
2. ITO, Ward - 15(4), Hyderabad.
3. ACIT, Range 15, Hyderabad.
4. CIT(A)-7, Hyderabad
5. Pr.CIT-7, Hyderabad
6. DR, ITAT, Hyderabad.
7. Guard File.