

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad ‘ B ‘ Bench, Hyderabad**  
*(Through Video Conferencing)*  
**Before Shri S.S. Godara, Judicial Member**  
**AND**  
**Shri Laxmi Prasad Sahu, Accountant Member**

ITA No.133/Hyd/2021		
Assessment Year: 2009-10		
Venkannagari Karunakar Reddy, H.No.1-108, Dilalpur Village, Gajwel Mandal, Medak District.	Vs.	The Income Tax Officer, Ward-1, Siddipet.
PAN : ADMPV4848C		
(Appellant)		(Respondent)
Assessee by:	None	
Revenue by:	Shri Rohit Mujumdar – DR.	
Date of hearing:	24/11/2021	
Date of pronouncement:	26/11/2021	

**ORDER**

**Per S. S. Godara, J.M.**

This assessee’s appeal for A.Y 2009-10 arises from the Commissioner of Income Tax (Appeals) – 7, Hyderabad’s order dated 24.05.2019 in case No.0101/CIT(A)-7/2015-16 involving proceedings under section 14r r.w.s. 263 of the Income Tax Act, 1961 (in short, “the Act”).

Case called twice. None appears at assessee's behest. He is accordingly proceeded ex parte.

2. Coming to the assessee's sole substantive grievance challenging correctness of both the learned lower authorities' action treating his cash deposits of Rs.16,96,870/- in proceedings under section 144 r.w.s 263 of the Act. Suffice to say; it prima facie transpires that this assessee had been engaged in liquor retail business in the name of his sole proprietary concern.

3. Learned departmental representative fails to dispute that neither the Assessing Officer nor the CIT(A) had considered the assessee's cash flow statement involving the liquor business as well as no other commercial activity; as the case may be, mainly for the reason that he could not appear during the course of assessment.

4. Faced with this situation, we deem it appropriate to restore the assessee's instant appeal back to the Assessing Officer for his fresh adjudication thereby enabling the assessee to prove source of the impugned cash deposits as to whether the same pertains to the regular turnover in retail liquor sale business or not. Coming to the assessee's sole substantive grievance that both the lower authorities' have erred in law and on facts in making unexplained investment addition of Rs.16,96,870/-; we note that the CIT(A)'s lower appellate discussion reads as under :

“4. Ground NO.1 is against the addition of Rs.16,96,870/- made on account of unexplained credits u/s: 68 of the Act. The relevant portion of the issue(s) discussed by the Assessing Officer in the assessment order are as under:

*"During the course of assessment proceedings the assessee was asked to file produce the books of accounts and bills for the respective expenditures debited to the Profit & Loss account along with the documentary evidence/ confirmations for the cash deposits made in made in the State Bank of Hyderabad during the period 1-4-2008 to 31-3-2009 alongwith the other relevant information as called for vide this office letters/ notices. •*

*The assessee had duly received all the notices along with the show-cause letter, but failed to respond to them. In the absence of the information and it is hereby treated that the assessee had no documentary evidence to submit in support of the cash deposits in the SBH Bank and therefore the total cash deposits of Rs. 16,96,870 are hereby treated as unexplained credits u/s 68 of the Income tax- Act, 1961 of the assessee and are added back to the income returned. "*

4.1 During the course of appellate proceedings, the appellant submitted as under:

*"The appellant herein is an individual, who derives income from business activities and commission in negotiations of business transactions and also derives income from other sources. The appellant filed his return of income for the Asst, year 2009-10 on 29-09-2009 by declaring a total income of Rs. 1,59,480/-.*

*The appellant case was converted into scrutiny and the assessment was completed on 30-12-2011 under section 143(3) of the I. T. Act, 1961, by accepting the income returned. The CIT - III vide order u/s 263 dt. 24-03-2014 had set-aside the assessment. Hence, the Assessing Officer issued a notice under section 143(2) on 09-06-2014. Further no notices were served on the appellant and without giving any opportunity or show cause notice the Assessing Officer completed the assessment under section 144 r.w.s 263 of the 1. T. Act, 1961, by making addition of an amount of an amount of Rs. 16,96,870/-, which are cash deposits in his Savings Bank A/c of State Bank of Hyderabad.*

*During the assessment proceedings the appellant has furnished the information as required by the Assessing officer that, the appellant obtained a licence of ANDHRA PRADESH BREWERAGE CORPORATION LTD., and as the appellant was not having sufficient funds, he along with some others formed into a partnership firm and did the business. While doing the business some amounts were deposited in appellants Savings bank account, and some amounts were deposited in, appellants current account and Dd's in the name of APBCL were taken to purchase the Liquor. The license was obtained is in the name of M/s Ujwala Wines. Purchase of liquor can be made only in the name of license holder*

and no other person will be issued stocks. What all purchases were made was in the name of M/s Ujwala Wines, and all the transactions in appellants accounts are connected to M/s Ujwala Wines and they were disclosed in the return of income of the firm and return was duly filed.

Further the details of partnership firm and confirmation letters from all the partners were submitted during the assessment proceedings are given hereunder:

The amount paid for getting the License from APBC LTD., is Rs. 10,00,170/-, which was paid on 30.6.2008. The amount paid towards Bank Guarantee deposit is Rs.5,01,000/- and the amount required for stock and to run the business is approximately Rs.5,00,000/-. Altogether it is coming to Rs.20.00 lakhs roughly. For initial Rs.10,00,000/- investment, the appellant approached the following persons, assuring share in the business:

(i) K. Madan Mohan Reddy	1,50,000/-
(ii) M. Venkat Ram Reddy	1,50,000/-
(iii) S. Thirumala Rao	1,50,000/-
(iv) T. Madhava Reddy	1,00,000/-
(v) K. Radhika Reddy	1,00,000/-
(vi) M. Laxmi	75,000/-
(vii) S. Chandrakala	1,00,000/-
(Viii) T. Yeshwanth Reddy	75,000/-

After getting the license to do the business the appellant formed a partnership firm w.e.f. 01.7.2008 with the same above 8 members and collected the balance amount of Rs. 1 0,00,000/-, altogether their investment is as under:

(ii) K. Madan Mohan Reddy	2,50,000/-
(ii) M. Venkat Ram Reddy	1,50, 000/-
(iii) S. Thirumala Rao	1,50,000/-
(iv) T. Madhava Reddy	1,00,000/-
(v) K. Radhika Reddy	1,00,000/-
(vi) M. Laxmi	1,25,000/-

(vii) S. Chandrakala	1,00,000/-
(viii) T. Yeshwanth Reddy	25,000/-

*The business transactions were recorded in the name of M/s Ujwala Wines and the accounts were being duly audited. The return of income of the firm was filed by disclosing the turnover, expenditure, purchases, etc., and hence the same cannot be considered in the appellant's individual return of income, which will have the impact double taxation, taxing the firm and also Individual.*

*The details of bank deposits and withdrawals were submitted during the assessment proceedings.*

*The Assessing Officer without considering all the explanations of the appellant made an addition of Rs. 16,96,870/- to the income of the assessee and completed the assessment u/s 144 r.w.s 263 of the I. T. Act, 1961.*

*Therefore, the appellant is praying before the Hon'ble CIT (A) to kindly accept the above submissions and pass appropriate orders in favor of the appellant by deleting the additions made by the AO.”*

*5. I have considered the findings of the Assessing Officer in the assessment order and the submissions of the appellant carefully. The assessing officer made addition of Rs. 16,96,870/- as unexplained investment as the appellant failed to furnish documentary evidence for the source of the cash deposits in the SBH Account. The assessment was framed u/s. 144 rws 263 of the IT Act for want of information from the assessee inspite of sufficient opportunity was granted. The claim of the appellant during the course of the appellate proceedings is that the source is met by various borrowings which was utilized for investments in Ujwala Wines, a partnership firm. The claim made by the appellant is not supported by any documentary evidence. Therefore, the addition made by the assessing officer is confirmed.”*

5. It is sufficiently clear the assessee had failed to prove the source of the impugned deposits to relevant business turnover by filing the necessary cash flow statements and other details. We thus find no merit in the assessee's instant sole substantive grievance. The same stands declined.

6. This assessee's appeal is dismissed.

Order pronounced in the Open Court on 26<sup>th</sup> November, 2021.

<b>Sd/-</b> <b>(LAXMI PRASAD SAHU)</b> <b>ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(S.S. GODARA)</b> <b>JUDICIAL MEMBER</b>
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Hyderabad, dated 26<sup>th</sup> November, 2021.

**TYNM/sps**

Copy to:

S.No	Addresses
1	Venkannagari Karunakar Reddy, H.No.1-108, Dilalpur Village, Gajwel Mandal, Medak District.
2	The Income Tax Officer, Ward – 1, Siddhipet.
3	CIT (A)-7, Hyderabad
4	Pr. CIT – 7, Hyderabad
5	DR, ITAT Hyderabad Benches
6	Guard File

*By Order*