

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "A", PUNE

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND
SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER

आयकर अपील सं. /ITA No.240/PUN/2022

निर्धारण वर्ष / Assessment Year : 2017-18

M/s. Khetasi Ratansi Patel, Shahu Chowk, Nanded Road, Latur Maharashtra – 413 512 PAN : AGBPP0108K	Vs.	PCIT-1, Nashik
Appellant		Respondent

Assessee by None
Revenue by Shri Keyur Patel, CIT-DR
Date of hearing 21-12-2022
Date of pronouncement 21-12-2022

आदेश / ORDER

PER R.S. SYAL, VP:

This appeal filed by the assessee is directed against the order dated 21-03-2022 passed by the Id. PCIT u/s.263 of the Income-tax Act, 1961 (hereinafter also called 'the Act') in relation to the assessment year 2017-18.

2. Briefly stated, the facts of the case are that the assessee filed return declaring total income of Rs.1.50 crore and odd. The case was selected for complete scrutiny on the reasons, including "*abnormal increase in cash deposits during demonetisation period*"

as compared to the pre-demonetisation period". The assessment was completed by making a nominal addition of Rs.62,717/-, which is unrelated with the cash deposits during the demonetisation period. The Id. PCIT observed that the assessee deposited cash of Rs.52,50,000/- during demonetisation period. During the course of assessment proceedings, the assessee submitted the sources of cash deposits as – out of cash in hand at Rs.29,50,000/-; and out of collection from debtors at Rs.23.00 lakh. The AO accepted the assessee's contention. After entertaining the explanation tendered by the assessee in response to notice u/s.263, the Id. PCIT held the assessment order to be erroneous and prejudicial to the interest of the Revenue for lack of examination of the source of cash deposited during demonetisation period. Aggrieved thereby, the assessee has preferred the appeal before the Tribunal.

3. Notice for hearing of the appeal was issued for the first time fixing the case on 13-07-2022, when the assessee remained unrepresented. The matter was adjourned for 22-08-2022. On that date, again, the assessee remained unrepresented. The matter was adjourned from time to time for 11-10-2022, 10-11-2022, 29-11-2022 and today, i.e., 21-12-2022. The assessee did not put in appearance on any of the hearing notices given by the Tribunal. As

such, we are proceeding to dispose off the appeal *ex parte qua* the assessee.

4. It is seen that the assessment was taken up for scrutiny on the grounds, *inter alia*, the verification of cash deposited during demonetisation period. The assessee had deposited Rs.52,50,000/- during the period. The source of cash was stated to be recoveries from bad debts amounting to Rs.13,18,012/- for the year F.Y. 2016-17 and Rs.20,36,719/- for the F.Y. 2015-16. The assessee did not furnish any evidence about the recoveries of bad debts in cash. Neither any confirmation from debtors was placed on record nor any other evidence. The AO accepted the genuineness of the source of cash deposits. The CBDT issued guidelines dated 13-06-2019 about the manner of examination of cash deposits during demonetisation period. The AO did not take into consideration any such guideline. He simply placed the submissions of the assessee on record and accepted the genuineness without carrying out any independent verification. He did not examine as to how the cash deposited in the bank account during demonetisation period emanated from recoveries from bad debts for the earlier years and availability of cash in hand. In our considered opinion, the Id. PCIT committed no mistake in declaring the assessment order to be

erroneous and prejudicial to the interest of the Revenue for lack of inquiry by the AO on this issue and eventually remitting the matter to his file for re-deciding the issue after allowing opportunity of hearing to the assessee. We, therefore, approve the impugned order.

5. In the result, the appeal is dismissed.

Order pronounced in the Open Court on 21st December, 2022.

Sd/-
(PARTHA SARATHI CHAUDHURY)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 21st December, 2022
Satish

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The CIT(A) concerned
4. The CIT concerned
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "A" / DR 'A', ITAT, Pune
6. गार्ड फाईल / Guard file

आदेशानुसार/ BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	21-12-2022	Sr.PS
2.	Draft placed before author	21-12-2022	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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