

IN THE INCOME TAX APPELLATE TRIBUNAL
SMC BENCH, PUNE

BEFORE SHRI R.S. SYAL, VICE PRESIDENT

आयकर अपील सं. /ITA No.380/PUN/2023

निर्धारण वर्ष / Assessment Year : 2017-18

Rupa Sanjay Nigade, Flat No.203, S.No.42, Shriniwas Greenland County, Near Navle Hospital, Narhegaon, Pune 411 041 PAN : AWTPN8731E	Vs.	ITO, Ward-6(2), Pune
Appellant		Respondent

Assessee by : Shri M.K. Kulkarni
Revenue by : Shri Suresh Gaikwad

Date of hearing : 16-05-2023
Date of pronouncement : 17-05-2023

आदेश / ORDER

PER R.S. SYAL, VP:

This appeal by the assessee arises out of the order dated 22-03-2023 passed by the CIT(A) in National Faceless Appeal Centre, Delhi u/s.250 of the Income-tax Act, 1961 (hereinafter also called 'the Act') in relation to the assessment year 2017-18.

2. The first issue raised in this appeal is against the confirmation of addition of Rs.5,74,662/- made by the Assessing Officer (AO) on estimation of income.

3. Filtering out unnecessary details, the facts of the case are that assessee furnished return declaring total income of Rs.3,57,730/-. The AO observed during the course of assessment proceedings that the

assessee made cash deposits in the bank during the year amounting to Rs.1,48,11,055/- comprising of deposits of Rs.4,64,500/- during the demonetization period and Rs.1,43,46,555/- during other days of the year. Since no books of accounts were maintained, the AO treated Rs.1.43 crore as unrecorded sales and estimated 4% profit thereon resulting into an addition of Rs.5,74,662/-. No relief was allowed in the first appeal, against which the assessee has approached the Tribunal.

4. After hearing the rival submissions and going through the relevant material on record, it is seen that the assessee could not correlate the bank deposits of Rs.1.43 crore with actual sales either before the AO or the Id. CIT(A). Same position continues before the Tribunal as well. In the absence of such information, the authorities cannot be held to illogical in treating such amount as unrecorded sales and estimating profit thereon. I, therefore, countenance the view taken by the Id. CIT(A) on this score.

5. The second ground is against the confirmation of addition of Rs.4,64,500/-, being, the amount deposited by the assessee in the bank account during demonetization period. The AO treated such amount as unexplained u/s.69A and made addition for the same which was

approved in the first appeal. Aggrieved thereby, the assessee has come up in appeal before the Tribunal.

6. Having heard both the sides and perused the relevant material on record, it is seen that the assessee deposited Rs.1.43 crore in the bank on other days of the year, which was treated by the AO as unrecorded sale. The deposit of Rs.4,64,500/- in the bank account during demonetization period cannot be given a different colour than what was given for the remaining whole of the year. I, therefore, treat Rs.4,64,500/- as deposit of unrecorded sale proceeds in the same manner as has been treated by the AO for the remaining part of the year. The addition thus made is directed to be deleted. However, it is pertinent to note that while estimating income at 4% on the unrecorded sales, the AO excluded Rs.4,64,500/- for consideration. Since this amount is also taken as unrecorded business receipts, the income towards the estimate of profit is increased by Rs.18,580/- (4% of Rs.4,64,500/-).

7. In the result, the appeal is partly allowed.

Order pronounced in the Open Court on 17th May, 2023.

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

पुणे Pune; दिनांक Dated : 17th May, 2023
सतीश

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent
3. The Pr.CIT concerned
4. DR, ITAT, 'SMC' Bench, Pune
5. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,**// True Copy //**

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

		Date	
1.	Draft dictated on	16-05-2023	Sr.PS
2.	Draft placed before author	17-05-2023	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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