

आयकर अपीलीय अधिकरण “बी” न्यायपीठ चेन्नई में।
IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, CHENNAI

माननीय श्री वी. दुर्गा राव, न्यायिक सदस्य एवं
माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।
BEFORE HON’BLE SHRI V. DURGA RAO, JM AND
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM

आयकर अपील सं./ ITA No.715/Chny/2023
(निर्धारण वर्ष / Assessment Year: 2017-18)

Smt. Saraniyaa Karthick 120, Sivasubramaniam Road, R.S. Puram, Coimbatore-641 002.	बनम / Vs.	ITO Non –Corporate Ward-1(3), Coimbatore.
स्थायी लेखा सं./जी आइ आर सं./PAN/GIR No. CDSPS-6146-J		
(अपीलार्थी/Appellant)	:	(प्रत्यर्थी / Respondent)

अपीलार्थी की ओर से/ Appellant by	:	Shri S. Sridhar (Advocate)-Ld.AR
प्रत्यर्थी की ओर से/Respondent by	:	Shri D.Hema Bhupal (JCIT)- Ld.DR

सुनवाई की तारीख/Date of Hearing	:	25-07-2023
घोषणा की तारीख /Date of Pronouncement	:	09-08-2023

आदेश / ORDER

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid appeal by assessee for Assessment Year (AY) 2017-18 arises out of the order of learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 17-03-2023 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 144 of the Act on 18-11-2019. The sole substantive issue that arises in the appeal is estimation of addition on account of cash deposited by the assessee during demonetization period.

2. The Registry has noted delay of 20 days in the appeal, the condonation of which has been sought by the assessee on the strength of affidavit of the assessee. Considering the period of delay, the delay is condoned and appeal is admitted for adjudication on merits. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under. The assessee being residential individual is stated to be engaged in ticketing business under proprietorship concern namely M/s Juzgo Holidays.

Proceedings before lower authorities

3.1 During assessment proceedings, it transpired that the assessee made cash deposits in her bank account during the period between 10-11-2016 to 30-12-2016. The assessee did not file return of income in earlier years. The Ld. AO proceeded to frame the assessment on best judgment basis u/s 144 since no books were maintained by the assessee. The assessee failed to respond to hearing notices.

3.2 The Ld. AO analyzed the pattern of cash deposit which revealed that there was sudden spike in cash deposit during demonetization period. The total cash deposited was Rs.224.34 Lacs out of which an amount of Rs.41.62 Lacs was deposited in Specified Bank Notes (SBN). The assessee, in reply to proceedings u/s 131(1), submitted that during demonetization period, the clients approached with demonetized currency to book tour packages. Such cash was deposited in the bank account. In most cases, the clients opted for travelling at later dates. However, Ld. AO held that old bank notes ceased to be legal tender from midnight of 08-11-2016 and such currencies lost value in money terms

and thus could not be used in a transaction. Therefore, the currency deposited in SBN was held to be unaccounted money of the assessee.

3.3 The other deposits in the bank account were Rs.182.71 Lacs on which Ld. AO estimated profits of 5% which worked out to Rs.9.13 Lacs. The deposits of Rs.41.62 Lacs in SBN were treated as unexplained money. The Ld. CIT(A) confirmed the action of Ld. AO since no new material could be placed by the assessee during appellate proceedings. Aggrieved, the assessee is in further appeal before us.

Our findings and Adjudication

4. From the fact, it emerges that the assessee is engaged in ticketing business under proprietorship concern namely M/s Juzgo Holidays. There is no other source of income for the assessee. The assessee has made cash deposits of Rs.224.34 Lacs out of which an amount of Rs.41.62 Lacs was deposited in Specified Bank Notes (SBN). The Ld. AO has estimated income of 5% on normal deposits whereas SBN has been considered to be the unexplained money u/s 69A despite the fact that the only source of income for the assessee is ticketing business only. The assessee had submitted that during demonetization period, the clients approached with demonetized currency to book tour packages. Such cash was deposited in the bank account. In most cases, the clients opted for travelling at later dates. Thus, such receipts constitute business receipts and nothing else and therefore, the same could not be held to be unaccounted money of the assessee. Under such circumstances, making full addition thereof could not be held to be justified. Considering the fact that Ld. AO has estimated income of 5% on other deposits, the same estimation could be made against demonetized currency of

Rs.41.62 Lacs. We order so. The Ld. AO is directed to re-compute the income of the assessee by accepting 5% of demonetized currency as the income of the assessee.

5. The appeal stands partly allowed in terms of our above order.

Order pronounced on 09th August, 2023.

Sd/-

(V. DURGA RAO)

न्यायिक सदस्य/JUDICIAL MEMBER

Sd/-

(MANOJ KUMAR AGGARWAL)

लेखासदस्य / ACCOUNTANT MEMBER

चेन्नई Chennai; दिनांक Dated : 09-08-2023
DS

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT
4. विभागीय प्रतिनिधि/DR
5. गार्डफाईल/GF