

**IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD “SMC” BENCH, AHMEDABAD**

**BEFORE Ms. SUCHITRA KAMBLE, JUDICIAL MEMBER**

**ITA No.151/Ahd/2023  
Assessment Year: 2017-18**

Vinodchandra Dahyabhai Bhavnagri, A/30, Austvinayak, O/s. Dariyapur Gate, Dariyapur, Ahmedabad – 380 001. <b>[PAN – ABHPB 3924 C]</b> (Appellant)	Vs.	The Income Tax Officer, Ward – 1(2)(4), Ahmedabad.  (Respondent)
Assessee by	Shri Hardik Vora, AR	
Revenue by	Shri Santosh Kumar, Sr. DR	
Date of Hearing	31.10.2023	
Date of Pronouncement	05.01.2024	

**ORDER**

This appeal is filed by the assessee against order dated 04.01.2023, passed by the CIT(A), National Faceless Appeal Centre (NFAC), Delhi for the Assessment Year 2017-18.

2. The assessee has raised the following grounds of appeal :-

- “1. *On the facts and circumstances of the case as well as law on the subject, the learned CIT (Appeals) has erred in confirming addition of Rs.14,00,000/- on account of unexplained cash credits u/s.68 of the Act made by Assessing Officer.*
2. *On the facts and circumstances of the case as well as law on the subject, the learned CIT (Appeals) has erred in confirming to treat the cash sales as unexplained cash credits u/s.68 of the Act.*
3. *On the facts and circumstances of the case as well as law on the subject, the learned CIT (Appeals) has erred in confirming rejection of books of accounts by Assessing Officer.*
4. *On the facts and circumstances of the case as well as law on the subject, the learned CIT (Appeals) has erred in confirming the*

*calculation of demand by invoking the provisions of section 115BBE of the Act.*

5. *It is therefore prayed that the above addition/disallowance made by the Assessing Officer may please be deleted."*

3. The assessee has filed return of income for the Assessment Year 2017-18 on 07.03.2018 declaring total income of Rs.5,66,810/-. The case was selected for scrutiny for the reason that the abnormal increase in cash deposits during the demonetisation period as compared to pre-demonetisation. Notice under Section 143(2) of the Income Tax Act, 1961 was issued on 08.08.2018 as well as notice under Section 142(1) of the Act was issued on 14.08.2019. In response to these notices, the assessee furnished details. The Assessing Officer observed that the assessee deposited cash in the ICICI Bank Limited during the demonetisation period amounting to Rs.31,95,000/- (in specified banned notes). On verification of the audit report and profit & loss account, the Assessing Officer observed that assessee claimed that source of cash deposit is from sale of goods and payment received from debtors only. To verify the genuineness of the claim of the assessee, details of cash deposits of the assessee in all his bank accounts along with documentary evidence was called for. The submission/explanation offered by the assessee for source of cash deposit in specified banned notes were duly considered by the Assessing Officer but found not acceptable on the basis of verification done during the course of assessment proceedings. The Assessing Officer, therefore, concluded the assessment under Section 143(3) of the Act dated 31.12.2019 and treated the source of cash deposit in specified banned notes to the extent of Rs.14,00,000/- as income from undisclosed source and added the same to the total income of the assessee under Section 68 read with Section 115BBE of the Act.

4. Being aggrieved by the Assessment Order, the assessee filed appeal before the CIT(A). The CIT(A) dismissed the appeal of the assessee.

5. The Ld. AR submitted that the Assessing Officer has not enquired separately regarding the payment to the purchaser after declaration of demonetisation and the purchase bills issued by M/s. Jagdish Distributors Pvt. Ltd. The Ld. AR submitted that turnover and VAT paid by the assessee was there

on record and the same was accepted by the Department and at no point of time found any discrepancy to that extent related to purchaser and sale of the products. The Ld. AR further submitted that rejecting books of account without any cogent evidence as well as that of any substantive finding is not justifiable as there are certain credit which should have taken into account while rejecting the books of account of the assessee. The Ld. AR submitted that all the vouchers about purchase, Balance Sheet and Profit & Loss Statement of Jagdish Trading Company, Balance Sheet and Capital Account of the assessee, cash book and bank book, purchases and sales register alongwith stock summary and item-wise stock register, invoice of Jagdish Distributor Pvt. Ltd. was there on record before the Revenue Authorities.

6. The Ld. DR relied upon the Assessment Order and the order of the CIT(A).

7. Heard both the parties and perused all the relevant material available on record. There is a delay of five days in filing the present appeal for which the assessee has filed condonation of delay application alongwith affidavit of the assessee. The reasons explained by the assessee appear to be genuine and hence delay is condoned. Now coming to ground nos.1 & 2, it is pertinent to note that the Revenue has taken cognisance of the VAT monthly return as well as annual return for the A.Y. 2017-18 and in fact the assessee's sale and purchase was in fact not debated. There was no discrepancy pointed out by the assessee related to cash transactions as the assessee has provided the invoice of the particular parties alongwith purchase and sales registers and confirmation of the said parties alongwith their ledger account which suffices the explanation of the assessee for having cash in hand and depositing the same to the account during the demonetisation period. The Assessing Officer as well as the CIT(A) has totally ignored the evidences pointed out by the assessee during the assessment proceedings as well as appellate proceedings before the CIT(A). Thus, Ground Nos.1 & 2 are allowed. Besides this, as regards to ground no.3 about rejection of books of account, the Assessing Officer has simply rejected the books of account without giving his correctness or completeness of the accounts whether he was not satisfied or not as well as he has also not challenged method of accounting cash or mercantile followed by the assessee and not pointed out any defect in the

accounting standard as notified by Central Government in assessee's books of account. Thus, rejection of books of account is also not tenable.

8. In the result appeal of the assessee is allowed.

Order pronounced in the open Court on this 5<sup>th</sup> January, 2024.

*Sd/-*  
**(SUCHITRA KAMBLE)**  
Judicial Member

**Ahmedabad, the 5<sup>th</sup> January, 2024**  
**PBN/\***

*Copies to:* (1) *The appellant*  
(2) *The respondent*  
(3) *CIT*  
(4) *CIT(A)*  
(5) *Departmental Representative*  
(6) *Guard File*

*By order*

*Assistant Registrar*  
*Income Tax Appellate Tribunal*  
*Ahmedabad benches, Ahmedabad*