

आयकरअपीलीयअधिकरण, 'सी, न्यायपीठ,चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL, C (SMC) BENCH : CHENNAI

श्रीमहावीर सिंह, उपाध्यक्ष के समक्ष
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT

आयकरअपीलसं./I.T.A.No.1204/CHNY/2023
Assessment year:- 2017-2018.

Narasu'sSaarathy
Enterprises Private Limited,
No.16A, Court Road,
Johnsonpet,
Salem 636 007.

Vs. The Deputy Commissioner of
Income Tax,
Circle 1(1),
Salem -7.

[PAN AADCN 9472H]
(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थीकीओरसे/ Appellant by

: Shri. G. Baskar, Advocate

प्रत्यर्थीकीओरसे /Respondent by

: Shri. Suresh Guduri, IRS, JCIT.

सुनवाईकीतारीख/Date of Hearing

: 03.01.2024

घोषणाकीतारीख /Date of Pronouncement

: 10.01.2024

आदेश/ ORDER

This appeal by assessee is arising out of the order of the Commissioner of Income Tax (Appeals), (in short 'the Id. CIT') National Faceless Appeal Centre (NFAC), Delhi in Order No.ITBA/NFAC/S/250/2023-24/1056667049(1) dated 29.09.2023. The assessment was framed by the DCIT, Circle 1(1), Salem for the assessment year 2017-18 u/s.143(3) of

the Income Tax Act, 1961 (hereinafter 'the Act'), vide order dated 27.12.2019.

2. The only issue in this appeal of the assessee is against the order of the Id. CIT(A) confirming the action of the Id. Assessing Officer in making additions in the following two counts. Demonetized cash deposited in the current account of the assessee company in HDFC bank amounting to ₹37,48,500/-. The Id. Assessing Officer required the assessee to explain the source for this cash deposited in HDFC Bank in demonetized currency in specified bank notes during the period from 09.11.2016 to 31.12.2016. Assessee made cash deposits amounting to ₹24,46,500/- in specified bank notes during demonization period and an amount of ₹13,02,000/- was deposited by trade debtors or parties in specified bank notes during demonization period for settlement of trade. The source was explained by the assessee as regards to ₹24,46,500/- that assessee is having cash in hand as on 08.11.2016 i.e closing balance of cash in hand of ₹33,77,660/-. Assessee claimed that cash deposit amounting to ₹24,46,500/- was out of this cash in hand available as on 09.11.2016 i.e. opening cash balance. About the balance amount of ₹13,02,000/- cash deposited in specified bank notes during demonization by purchasing parties and trade debtors, it was explained that debtors parties deposited this amount directly. According to the Id. Assessing Officer, assessee has not submitted party wise break-up of customers to whom the debtors fund

& cash sales were made by assessee. As the assessee could not furnish these information and hence accumulated cash balance of ₹33,77,660/- cannot be accepted. Similarly, the Assessing Officer also rejected the theory of cash deposits made by the purchasing parties and trade debtors amounting to ₹13,02,000/- and added the entire cash deposits of ₹37,48,500/- as income of the assessee u/s.69A of the Act. Aggrieved, assessee preferred an appeal before the Id. CIT(A).

3. The Id. CIT(A) also confirmed the action of the Id. Assessing Officer. Aggrieved, now the assessee is in appeal before us.

4. I have heard rival contentions and gone through the facts and circumstances of the case. Admittedly, in the books of accounts there is cash in hand balance available with the assessee of ₹33,77,660/-. Assessee has shown cash sales and cash collection as per the books of accounts during the period from many trade debtors amounting to ₹83,78,402/-. It means that assessee's closing balance declared as on 08.11.2016 seems to be correct at ₹33,77,660/-. I have gone through the orders of the lower authorities and noted that the authorities have not rejected the books of accounts. Once the books of accounts are not rejected they cannot reject the cash in hand available as on 08.11.2016 at ₹33,77,660/-. Even though, I rejected the theory of assessee as regards to

claim made that the deposited cash of ₹13,02,000/- by the parties directly in assessee company as per books of accounts but the fact remain that assessee has closing cash in hand as on 08.11.2016 at ₹33,77,660/- which is explained out of the total cash deposit of ₹37,48,500/-. Hence, I restrict the addition for the balance amount of ₹3,70,840/- as unexplained money u/s.69A of the Act and delete the addition to the extent of cash available as on 08.11.2016 at ₹33,77,660/-. The appeal of the assessee is partly allowed.

5. In the result, the appeal filed by the assessee in ITA No.1204/Chny/2023 for the assessment year 2017-2018 is partly allowed.

Order pronounced on 10th day of January, 2024, at Chennai.

Sd/-
(महावीरसिंह)
(MAHAVIR SINGH)
उपाध्यक्ष/VICE PRESIDENT

चेन्नई/Chennai

दिनांक/Dated:10.01.2024.

KV

आदेशकीप्रतिलिपिअग्रेषित/Copy to:

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|-------------------------|--------------------------|--------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकर आयुक्त/CIT |
| 4. विभागीय प्रतिनिधि/DR | 5. गार्ड फाईल/GF | |