

आयकर अपीलीय अधिकरण, 'सी' (एस एम सी) न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' (SMC) BENCH, CHENNAI**

श्री महावीर सिंह, उपाध्यक्ष के समक्ष
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT

आयकर अपील सं./ITA No.: **316/CHNY/2022**
निर्धारण वर्ष/Assessment Year: 2017-18

**Amman Sri Vaishnavi Chits P
Ltd.,**
No.18, Alangatha Street,
Triplicane,
Chennai – 600 005.

The Income Tax Officer,
Vs. Ward 1(2),
Chennai.

PAN: AAKCA 8381K
(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri N. Arjun Raj, CA &
Shri Girish Kumar, Advocate

प्रत्यर्थी की ओर से/Respondent by

: Shri Suresh Guduri, JCIT

सुनवाई की तारीख/Date of Hearing

: 03.01.2024

घोषणा की तारीख/Date of Pronouncement

: 28.03.2024

आदेश /ORDER

This appeal by the assessee is arising out of the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi in Order No.ITBA/NFAC/S/250/2021-22/1042278308(1) dated 31.03.2022. The assessment order was passed by the Income Tax Officer, Ward-1(2), Chennai for the assessment year 2017-18 u/s.143(3) of the Income Tax Act, 1961 (hereinafter the 'Act') vide order dated 22.12.2019.

2. The only issue in this appeal of assessee is as regards to the order of CIT(A) sustaining the addition of Rs.17,31,682/- being cash deposit during demonetization period in SBNs added by AO u/s.68 of the Act and consequently charged tax as per section 115BBE of the Act. For this, assessee has raised various grounds which are factual and hence, need not be reproduced.

3. Briefly stated facts are that the assessee company is carrying on chit business. The assessee company filed its return of income for the relevant assessment year 2017-18 on 28.09.2017. The assessee's case was selected for scrutiny assessment under CASS for the reason that there was a huge cash deposit made by assessee during demonetization period and to verify source of such deposit and details of trade receivables. The assessee company submitted annual report and audited accounts for the assessment year 2017-18 before the AO and reasons for depositing of cash in specified bank notes as under:-

“The company has given the requisite disclosure in its financial statements in Notes 21 as to holdings and as well as dealings in SBNs during the period from 08-11-2016 to 30-12-2016 and these are in accordance with the books of accounts maintained by the company.

In order to sustain in the market, the company was in a compulsion to accept the cash. We would also like to emphasis, the funds received are from the subscribers of the chit who are identifiable persons and the same has been duly deposited in the bank. However, the Company is in the

process of seeking professional advice of the consequence and ways to rectify the same.”

The AO noticed from the statement of City Union Bank that total cash deposit during demonetization period is Rs.26,17,500/- but the assessee mentioned in its letter that cash deposit in SBNs during demonetization period was Rs.18.90 lakhs. The assessee has submitted bank certificate qua that the AO also considered the bank certificate and assessee's explanation and finally noted that cash deposit in SBNs are to the tune of Rs.21.53 lakhs and there is no source to explain for the same and hence, he added this cash deposit amounting to Rs.21.53 lakhs as unexplained cash credit u/s.68 of the Act. Aggrieved, assessee preferred appeal before CIT(A).

4. The CIT(A) further allowed credit of closing balance available in assessee's bank accounts of SBNs as on 08.11.2016 at Rs.1,58,318/- restricted the balance addition u/s.68 of the Act at Rs.17,31,682/-. The CIT(A) also noted that the assessee itself noted the alleged SBNs deposited to the tune of Rs.3,85,000/- was not in SBNs and hence, he also deleted this addition thereby he restricted the addition at Rs.17,31,682/-. For this, he gave reason that

assessee has not filed any of the following details to establish that the above cash deposits are genuine:-

- *Confirmation of Depositors.*
- *Name, address and PAN of Depositors*
- *Amounts deposited by each Depositor and date of deposit.*
- *Reasons for making such deposits in cash.*

In absence of the above crucial data/documents the following elements of Sec 68 come into play.

- *Identify and credit worthiness of Depositors is not established.*
- *Genuineness of Transaction is not established.*

Aggrieved, now assessee is in appeal before Tribunal.

5. I have heard rival contentions and gone through facts and circumstances of the case. Before me, Id.counsel for the assessee filed paper-book consisting of pages 1 to 57 and particularly my attention was drawn to cash deposit reflected in the audited accounts wherein cash to the tune of Rs.24,70,500/- received from identifiable persons with having Permanent Account Number. He gave names and PAN number only which are detailed out at pages 54 to 55 of assessee's paper-book. Further, he gave the details of cash received from identifiable persons without having PAN for a sum of Rs.1,47,000/-. Apart from this, the Id.counsel for the assessee could not produce any evidence that the cash deposit is genuine in term of section 68 of the Act. Even the assessee could

not prove its source that it is from chit business. Since, the assessee could not prove its genuineness of source in term of provisions of section 68 of the Act, I have no hesitation in confirming the action of the CIT(A) upholding the addition of Rs.17,31,682/-. In term of the above, the appeal of the assessee is dismissed.

6. In the result, the appeal filed by the assessee is dismissed.

Order pronounced in the open court on 28th March, 2024 at Chennai.

Sd/-

(महावीर सिंह)

(MAHAVIR SINGH)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 28th March, 2024

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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