

**आयकर अपीलीय अधिकरण 'ए' न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'A' BENCH, CHENNAI**

महनीय श्री मनोज कुमार अग्रवाल, लेखक सदस्य एवं  
महनीय श्री मनु कुमार गिरि, न्यायिक सदस्य के समक्ष।  
**BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**  
**AND HON'BLE SHRI MANU KUMAR GIRI, JM**

**आयकर अपील सं. ITA No.1412/Chny/2023**  
**(निर्धारणवर्ष / Assessment Year: 2017-18)**

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| <b>Smt. Panjurajan Kavitha</b><br>D.No.1, Railway Feeder Road,<br>Rajapalayam H.O., Chettikulam-626 117. | <b>बनम/</b><br><b>Vs.</b> | <b>DCIT,</b><br>Non-Corporate Circle-2,<br>Madurai. |
| स्थायी लेखासं./जीआइआरसं./PAN/GIR No. <b>AKHPK- 8445-J</b>  |                           |   |
| (पीलार्थी/ <b>Appellant</b> )  | :                         | (प्रत्यर्थी / <b>Respondent</b> )                   |

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| अपीलार्थी की ओरसे/ <b>Appellant by</b>   | : | Shri Rajasekaran (CA)-Ld.AR                 |
| प्रत्यर्थी की ओरसे/ <b>Respondent by</b> | : | Shri AR V Sreenivasan (Addl.CIT)-Ld. Sr. DR |

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|---|---|------------|
| सुनवाई की तारीख/ <b>Date of Hearing</b>       | : | 30-04-2024 |
| घोषणा की तारीख / <b>Date of Pronouncement</b> | : | 07-05-2024 |

**आदेश / O R D E R**

**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 03-10-2023 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 28-12-2019.
2. The assessee is stated to be engaged in wholesale and retail business of Grocery. It transpired that the assessee deposited Specified Bank Notes (SBN) in its bank accounts. The Ld. AO added an amount of

Rs.51.97 Lacs to the income of the assessee after reducing closing cash balance of Rs.9.45 Lacs on the ground that SBN ceased to be legal tender after announcement of demonetization. The transaction which is null and void could not be accepted as satisfaction explanation to explain the source of cash deposits. Accordingly, the impugned amount was added as unexplained cash credit u/s 68 of the Act.

3. During appellate proceedings, the assessee, inter-alia, tabulated analysis of sales during various period of AYs 2015-16, 2016-17 and 2017-18 and submitted that there was no unusual increase in sales during November and December, 2016 as compared to previous assessment year. The monthly sales were also furnished and it was submitted that AO did not find any bogus sales or back-dated sales. Further, the assessee maintained regular books of accounts for sales receipts and therefore the provision of Sec.68 could not be applied to the case of the assessee. The Ld. AO verified the cash books. Reliance was placed on various decisions to support the same. However, Ld. CIT(A) confirmed the disallowance against which the assessee is in further appeal before us.

4. From the fact, it emerges that the assessee is running grocery trade and it is making sales in cash regularly which are being deposited in the bank accounts. In this year also, the assessee has made cash deposits in the bank which are evidenced by cash book. The assessee is maintaining regular books of accounts. The Ld. AO has disregarded the explanation furnished by the assessee and added the deposit as unexplained cash credit u/s 68. However, it is quite apparent that the provisions of Sec. 68 could not be invoked in the case of the assessee since the primary requirement of Sec.68 is that any sum should be found

credited in the books of an assessee and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory. In such a case, the sum so credited may be charged to income-tax as the income of the assessee of that previous year. In the present case, the assessee has received cash out of sales and the same has been reflected in the cash book. The cash so available with the assessee has been deposited in the bank account. The source of cash deposit is cash sales. It could also be noted that Ld. AO has not pointed out any defect in the books of the assessee and has not doubted the sales turnover reflected by the assessee. This sale has been offered to tax by the assessee. From assessee's reply to Ld. AO on 29-11-2019, it could be seen that the assessee has achieved sales turnover of Rs.41.67 Crores which has been declared in VAT monthly returns. During the year, the assessee has generated cash sales of approx. 40% and deposited an amount of Rs.16.62 Crores throughout the year. The impugned amount of Rs.51.97 Lacs is only a miniscule portion of the same. The cash deposits are regular and the same are out of business collections only. The assessee has maintained day-wise cash book the copy of which was also furnished by the assessee to Ld. AO. On these facts and circumstances, it could not be concluded that there was unexplained cash credit in the books of the assessee which would justify invocation of provisions of Sec. 68 in the hands of the assessee. By deleting the impugned addition, we allow the corresponding grounds raised by the assessee. The Ld. AO is directed to recompute the income of the assessee.

5. The appeal stand allowed in terms of our above order.

*Order pronounced in open court on 7<sup>th</sup> May, 2024*

**Sd/-**  
**(MANU KUMAR GIRI)**  
**न्यायिक सदस्य / JUDICIAL MEMBER**

**Sd/-**  
**(MANOJ KUMAR AGGARWAL)**  
**लेखक सदस्य / ACCOUNTANT MEMBER**

चेन्नई Chennai; दिनांक Dated : 07-05-2024  
DS

**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF