

-2024आयकर अपीलीय अधिकरण 'ए' न्यायपीठ चेन्नई में।
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, CHENNAI

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

आयकरअपील सं ITA No.427/Chny/2024
(निर्धारणवर्ष / Assessment Year: 2017-18)

Shri Rajendran #2/2 PPM Traders, Meenakshi Amman Koil West Street Agraharam, Sathyamangalam-638 401.	बनम/ Vs.	ITO Ward-2(1) Erode.
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AKDPR-8557-H		
(पीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

अपीलार्थी कीओरसे/ Appellant by	:	Shri S. Sridhar (Advocate) (Erode) -Ld.AR
प्रत्यर्थीकीओरसे/ Respondent by	:	Shri R. Mukundan (JCIT)-Ld. Sr. DR

सुनवाई की तारीख/ Date of Hearing	:	12-06-2024
घोषणा की तारीख / Date of Pronouncement	:	24-06-2024

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 29-12-2023 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 21-12-2019. In the present appeal, the assessee is aggrieved by confirmation of addition of Rs.36.16 Lacs as unexplained cash credit u/s 68 of the Act.

2. The Ld. AR advanced arguments and relied on the documents placed in the paper-book. The Ld. Sr. DR supported the orders of lower authorities. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under. The assessee being resident individual is stated to be engaged in trading activities.

3. During assessment proceedings, the assessee furnished cash flow statement, financial statements, books of account on various dates. It transpired that the assessee deposited cash of Rs.52.43 Lacs in Specified Bank Notes (SBN) during demonetization period. As per cash book, the assessee was having cash balance of Rs.48.53 Lacs. The Ld. AO noted that as on 08-11-2016, sundry debtors were having credit balance of Rs.18.53 Lacs whereas closing balance as on 31-03-2017 was debit balance of Rs.25.16 Lacs. The assessee explained that debtors had debit balance as on 21-10-2016. However, due to festival seasons, the demand for goods increased and there was shortage of supply from the suppliers and therefore the advances had accumulated. However, not satisfied, Ld. AO treated the credit balance of sundry debtors for Rs.36.16 Lacs as unexplained cash credit and added the same to the income of the assessee u/s 68.

4. During appellate proceedings, the assessee inter-alia, submitted that it was maintaining books of accounts which were duly audited u/s 44AB. The Ld. AO did not dispute the sales turnover of the assessee. The assessee produced all the details including cash book, debtors account, month-wise cash deposits, sales and purchases along with bank statements. No defect was found in the books of accounts. Therefore, the impugned addition made u/s 68 was not sustainable. However, Ld. CIT(A) held that the assessee manipulated books of

accounts to show higher credit balance of sundry debtors in order to deposit the demonetized notes in the banks. Therefore, the impugned additions were sustained against which the assessee is in further appeal before us.

Our findings and Adjudication

5. From the facts, it emerges that the assessee is engaged in trading of FMCG goods. The assessee has maintained proper books of accounts which have duly been audited u/s 44AB. The assessee furnished cash flow statement, cash book, debtors' ledgers, month-wise cash deposits, sales and purchases along with bank statements during the course of assessment proceedings. The sales turnover has not been disputed. The cash so deposited by the assessee has been found to be recorded in the books of accounts. It could be seen that no enquiry, whatsoever, was conducted by Ld. AO to reach a conclusion that the balances shown in debtors' balances were not correct despite the facts that debtors' ledgers were duly furnished by the assessee. Further, Ld. AO has invoked the provisions of Sec.68 to add credit balances of Sundry Debtors without establishing that the credits were nothing but assessee's own money. In the absence of such a finding, impugned additions could not be sustained in law. Therefore, we delete the same.

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

Order pronounced on 24th June, 2024

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

Sd/-
(MANOJ KUMAR AGGARWAL)
लेखा सदस्य / ACCOUNTANT MEMBER

चेन्नई Chennai; दिनांक Dated : 24-06-2024
DS

आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :

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