

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में
**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "SMC", HYDERABAD**

BEFORE SHRI K. NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / **ITA No. 515/Hyd/2024**
(निर्धारण वर्ष / Assessment Year: 2017-18)

Rajender Ladda, Vs. Income Tax Officer,
Warangal Ward-1,
[PAN No. AAKPL1183H] Warangal

अपीलार्थी / Appellant प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Smt. S. Sandhya, AR
राजस्व द्वारा/Revenue by: Shri R. Kumaran, DR

सुनवाई की तारीख/Date of hearing: 06/06/2024
घोषणा की तारीख/Pronouncement on: 21/06/2024

आदेश / ORDER

Aggrieved by the order dated 20/03/2024 passed by the learned Addl/JCIT(A)-4, Bengaluru ("Ld. CIT(A)"), in the case of Rajender Ladda ("the assessee") for the assessment year 2017-18, assessee preferred this appeal.

2. Assessee is an individual. He derives income from carrying on business in purchase and sale of computers and its peripherals, commission on sales of recharge cards of Vodafone, M-Pesa application, STCG on shares etc. For the assessment year 2017-18, he filed the return of income on 02/08/2017 declaring income of Rs. 5,08,316/-.

3. Learned Assessing Officer found that there was a deposit of Rs. 8.40 lakhs in the account of the assessee on three dates, namely, 10/11/20016, 15/11/2016 and 23/11/2016 of Rs. 2.40 lakhs, Rs. 4 lakhs and Rs. 2 lakhs respectively. On verification of the record, learned Assessing Officer accepted the source of income in respect of Rs. 2.40 lakhs but was of the opinion that the balance amount of Rs. 6 lakhs goes un-explained. He, therefore, added Rs. 6 lakhs to the income of the assessee.

4. Assessee preferred appeal and submitted before the learned CIT(A) that he collected the amounts from three loan debtors, namely, Rs. 1,15,655/- from G. Naveen, Rs. 3.5 lakhs each from one Bicha and G. Venkanna. Learned CIT(A), on verification of the P&L account of the assessee for the assessment year 2016-17, found that the assessee was paying interest to two of his creditors, but receiving interest only from G. Naveen. According to the learned CIT(A), the other two loan debtors of the assessee are not found to have been paying interest to the assessee. Further, those two debtors are said to have repaid their loans in the months of April and May, 2016, but the assessee is showing such repayments for the deposits in the month of November, 2016, which is quite unlikely. On this premise, learned CIT(A) dismissed the appeal.

5. Assessee filed this appeal, contending that he is declaring income of about Rs. 5 lakhs with a turnover of about Rs. 1.27 crores from the recharge cards and about Rs. 46 lakhs from the computer parts business. According to the learned AR there is nothing suspicious about the assessee possessing Rs. 6 lakhs on the date of demonetization. Apart from that, learned AR submitted that though the learned CIT(A) found

that the assessee was receiving interest from one G. Naveen, no relief is granted in respect of such amount that was collecting during the year.

6. Learned DR submitted that the order of the learned CIT(A) is very reasonable, and the learned CIT(A) reached a right conclusion on perusal of the Books of Account of the assessee. Learned CIT(A) categorically recorded that though the assessee admitted the commission income on sale of recharge cards, there is no whisper as to the computer trading activities and, therefore, the learned CIT(A) rightly disbelieved the same. Apart from this, finding of the learned CIT(A) cannot be assailed, because when the assessee was paying interest from two persons and receiving interest from one person, there is no reason as to why the no interest of other two persons is charged. He, therefore, prayed to dismiss the appeal.

7. I have gone through the record in the light of the submissions made on either side. Out of the total deposits of Rs. 8.40 lakhs, learned Assessing Officer accepted the source for Rs. 2.40 lakhs and added Rs. 6 lakhs only to the income of the assessee. Out of this amount of Rs. 6 lakhs, the learned CIT(A) on verification of the P&L account of the assessee, found that the assessee was receiving interest from one G. Naveen. This finding of the learned CIT(A) is clear that G. Navin is one such debtors of the assessee and there is no reason as to why the same could not be accepted.

8. Coming to the balance of Rs. 4 lacs and odd, plea of the assessee is not accepted by the learned CIT(A) for two reasons. First one is that the assessee did not charge any interest from them and secondly, that having

received such amount, if any, in the month of April and May, 2016, the assessee waited to deposit the same during the demonetization period.

9. Whether or not to charge interest depends upon the relationship between the assessee and the other two persons and there is no standard rule that all the debts must carry interest. Assessee is an income tax payee with declared income of about Rs. 5 lakhs and it is only due to the compulsion of demonetization, the assessee deposited the amounts available in hand in bank and otherwise there cannot be anything suspicious about a business holding about Rs. 4 lakhs and odd cash on hand. In these circumstances, I do not find anything suspicious about the plea taken by the assessee and while accepting the same, I direct the learned Assessing Officer to delete the addition made. Grounds are allowed.

7. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on this the 21st day of June, 2024.

Sd/-
(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad,
Dated: 21/06/2024

TNMM

Copy forwarded to:

1. Rajender Ladda, 8-10-32, JPN Road, Warangal.
2. Income Tax Officer, Ward-1, Warangal.
3. The Pr.CIT, Hyderabad.
4. DR, ITAT, Hyderabad.
5. GUARD FILE.

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ASSISTANT REGISTRAR
ITAT, HYDERABAD