

आयकर अपीलीय अधिकरण “सी” न्यायपीठ चेन्नई में।
IN THE INCOME TAX APPELLATE TRIBUNAL
“C” BENCH, CHENNAI

माननीय श्री एबी टी. वर्की, न्यायिक सदस्य एवं
माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।
BEFORE HON’BLE SHRI ABY T. VARKEY, JM AND
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM

आयकर अपील सं./ ITA No.232/Chny/2024
(निर्धारणवर्ष / Assessment Year: 2017-18)

Shri Aragounder Muthusamy 24A, Thiruvalluvar Street, Bhavani Main Road, Perundurai Taluk Erode Dist.	बनाम/ Vs.	ITO Ward-2(2) Erode.
स्थायी लेखासं./जीआइआरसं./PAN/GIR No. ADQPM-7930-E		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

अपीलार्थीकी ओरसे/ Appellant by	:	Shri Y. Sridhar (FCA) - Ld. AR
प्रत्यर्थीकी ओरसे/ Respondent by	:	Ms. R. Anita (Addl.CIT) -Ld. Sr. DR

सुनवाईकी तारीख/Date of Hearing	:	30-07-2024
घोषणाकी तारीख /Date of Pronouncement	:	06-08-2024

आदेश / ORDER

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 20-12-2023 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s.143(3) of the Act on 27-12-2019. The sole grievance of the assessee is confirmation of certain additions u/s.69A & 69C r.w.s. 115BBE of the Act.

2. The Ld. AR advanced arguments supporting the case of the assessee. The Ld. Sr. DR also advanced arguments. Having heard rival submissions and upon perusal of case records, our adjudication would be as under.

Assessment Proceedings

3.1 The assessee being resident individual is stated to be engaged in trading of pulses & grams. The case was selected for scrutiny to verify the issue of cash deposit and withdrawal during the year. During the course of assessment proceedings, the assessee furnished cash book, purchase ledger, ledger extract of parties, cash reconciliation statement, financial statements for this year. The assessee also furnished Balance Sheet for AY 2016-17. In this year, the assessee offered income on presumptive basis on sales turnover of Rs.63.07 Lacs. In support of cash balance, the assessee furnished cash book for the period from 01-04-2016 to 31-03-2017 wherein the assessee reflected opening cash balance of Rs.27.98 Lacs. The return of income for AY 2016-17 was also verified wherein the assessee had reflected closing cash balance of Rs.28.01 Lacs.

3.2 However, Ld. AO noted that the return of income for this year was filed on 03-12-2016 i.e., after announcement of demonetization by Government. To make further verification, return of income for AY 2014-15 and 2015-16 was also downloaded and verified. It was further noted that the assessee did not furnish Profit & Loss Account for AY 2016-17 whereas Profit & Loss Account for this year was furnished. In the light of aforesaid fact, Ld. AO alleged that the assessee wrongly disclosed cash balance as on 31-03-2016 for Rs.28.01 Lacs. Finally, it was concluded that the assessee filed return of income for AY 2016-17 to create the

sources of funds as on 01-04-2016 for the purpose of depositing cash of Rs.25.45 Lacs on 04-05-2016 in the bank account. The said deposits were stated to be made out of opening cash balance reflected by the assessee.

3.3 The assessee had furnished cash reconciliation statement for this year. It was found that the amount of Rs.10.85 Lacs was withdrawn from the bank in the name of LIC of India. The same should have been shown as part of drawings which was not disclosed. Therefore, cash reconciliation was held to be incorrect one.

3.4 The assessee submitted that it had collected amount of Rs.3.41 Lacs during demonetization period in SBNs due to business exigencies. However, Ld. AO added that amount u/s 69A. The Ld. AO also added cash deposits of Rs.25.45 Lacs u/s 69A. The amount paid to LIC of India for Rs.10.85 Lacs was added u/s 69C. The Ld. CIT(A) confirmed all the additions against which the assessee is in further appeal before us.

Our findings and Adjudication

4. At the outset, it could be noted that the assessee has offered income on presumptive basis. In such a scenario, the assessee is not required to maintain books of account. In fact, the presumptive provisions has been enacted with a view of simplify the computation of income without requiring the small assessee to maintain elaborate books of accounts. Whatever minimum financial data was required from the assessee, the same was furnished by the assessee in the return of income and therefore, the assessee could not be required to furnish more documents. The sales turnover has not been disputed by Ld. AO. The return of income for AY 2016-17 has also been furnished on presumptive basis wherein the assessee has reflected closing cash

balance of Rs.28.01 Lacs and the same become opening cash balance for this year. The assessee has furnished complete cash reconciliation for this year. The cash has been deposited out of opening cash balance available with the assessee and the deposits are much before the announcement of demonetization by Government. Therefore, the source of cash deposit, in our opinion, could not be rejected. Accordingly, the impugned addition of Rs.25.45 Lacs stand deleted.

5. So far as the LIC of India payment is concerned, it is mere repayment of loan by the assessee through banking channels and the same would not impact the cash flows of the assessee. Therefore, this addition is clearly unsustainable in law.

6. The remaining addition of Rs.3.41 Lacs represents cash deposited by the assessee post demonetization. However, as per assessee's submissions during appellate proceedings, the assessee is having closing cash balance as on 08.11.2016 for Rs.5.65 Lacs. The same is sufficient enough to make these deposits. The cash book for whole of the year was already furnished by the assessee. Therefore the source of these deposits could not be doubted. Accordingly, this addition also stands deleted.

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

Order pronounced on 6th July, 2024

Sd/-
(ABY T. VARKEY)
न्यायिक सदस्य / JUDICIAL MEMBER

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

चेन्नई Chennai; दिनांक Dated : 06-08-2024
DS

आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :

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