

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“B” BENCH, PUNE**

**BEFORE SHRI S.S. GODARA, JUDICIAL MEMBER  
AND  
SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER**

**आयकर अपील सं. / ITA No.934/PUN/2024**

**निर्धारण वर्ष / Assessment Year: 2019-20**

Vidya Rajkiran Thakur, E-601, Wisdom Park, Pimpri, Pune-411 018, Maharashtra PAN : AHLPT1459L	<b>बनाम / V/s.</b>	CPC, Banglore
.....अपीलार्थी / Appellant		.....प्रत्यर्थी / Respondent

Assessee by : None  
Revenue by : Shri Arvind Desai

सुनवाई की तारीख / Date of Hearing : 02.09.2024

घोषणा की तारीख / Date of Pronouncement : 03.09.2024

**आदेश / ORDER**

**PER INTURI RAMA RAO, AM:**

This is an appeal filed by the appellant directed against the order of Addl./JCIT(A)-2, Gurugram dated 07.03.2024 passed u/s 250 of the Income-tax Act, 1961 (hereinafter referred to as ‘the Act’) for the assessment year 2019-20.

2. Briefly, the facts of the case are that the appellant is an individual engaged in the business of retail trading of Medicines. The appellant filed the Return of Income for the A.Y. 2019-20 on 31.10.2019 disclosing total income of Rs.24,96,200/-. Return was

processed by the CPC u/s.143(1) vide intimation dated 02.06.2020 at a total income of Rs.38,26,743/-, making adjustment of Rs.13,30,546/- by disallowance of cash payments made by the appellant to the suppliers being in excess of Rs.10,000/- paid to a person in a day otherwise than by account payee cheque/account payee bank u/s.40A(3) of the Act'.

3. Being aggrieved by the above intimation order, an appeal was filed before the Addl/JCIT(A) contending that the payments made to the suppliers were necessitated by business exigencies. The suppliers had issued valid bills against which the appellant made cash payments. The identity of the sellers is established and the transactions are genuine, hence not liable for addition u/s.40A(3) of the Act. The Addl./JCIT(A), after scrutinizing the details provided by the appellant, gave relief to the extent of Rs.6,24,599/-, being cash payments below the threshold limit of Rs.10,000/-. The balance amount of Rs.7,05,947/- was confirmed by the Addl/JCIT(A) by holding that under Rule 6DD(j) payments can be made in cash only when banks are closed due to holidays or strikes.

4. Aggrieved by the impugned order, the appellant is in appeal before the Tribunal in the present appeal.

5. When the appeal was called on, none appeared on behalf of the appellant despite due service of notice of hearing. We therefore proceed to dispose of the appeal ex parte after hearing the Id. Departmental Representative.

6. We heard the Id. Sr. DR and perused the material on record. In the present case, the appellant is a retail trader of Medicines. The solitary issue that arises for our consideration is whether or not the CPC was justified in making adjustment of Rs.13,30,546/- by disallowing the cash payments exceeding threshold limit as provided

u/s.40A(3) of the Act. The sub-section (3) of section 40A provides that where an assessee incurs an expenditure in respect of which payments were made exceeding the prescribed limit, otherwise than by account payee cheque, no deduction shall be allowed in respect of such expenditure. However, the Act also provides exceptions to this provision in case the payments are made in such circumstances as prescribed under Rule 6DD of Income Tax Rules, 1962. Whether a particular cash payment falls within the prescribed exceptions as specified under Rule 6DD can be found out only after due examination of the evidences of existence of circumstances specified in the exceptions provided under Rule 6DD which means that it requires examination of evidences. There is neither requirement under law that the assessee is bound to furnish the evidences of existence of circumstances enumerated under Rule 6DD along with the return of income nor the case falls within specified category of adjustments as provided u/s.143(1) of the Act. Therefore, disallowance of cash payments u/s.40A(3) does not fall under the purview of adjustment while processing the return of income u/s.143(1) of the Act. Therefore, we are of the considered opinion that CPC was not justified in making adjustment of cash payments exceeding the threshold limit of Rs.10,000/- while processing the return u/s.143(1) of the Act.

7. In the result, the appeal filed by the assessee stands allowed.

Order pronounced in the open court on 03<sup>rd</sup> September, 2024.

Sd/-  
**S.S. GODARA**  
**JUDICIAL MEMBER**

Sd/-  
**INTURI RAMA RAO**  
**ACCOUNTANT MEMBER**

पुणे / Pune; दिनांक / Dated : 03<sup>rd</sup> September, 2024

Satish

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to :**

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The concerned Pr.CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "B" /  
DR 'B', ITAT, Pune;
5. गार्ड फाईल / Guard file.

आदेशानुसार / BY ORDER,

//सत्यापित प्रति// True Copy//

वरिष्ठ निजी सचिव / Sr. Private Secretary  
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune