

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

श्री यस यस विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री जगदीश, लेखक सदस्य के समक्ष
BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.152/Chny/2024
निर्धारण वर्ष /Assessment Year: 2017-18

Rangasamy Vimala,
142/1, Cuddalore Main road,
Ammamet, Salem-636 003.
[PAN: ACOPV 5881A]

Vs. The Dy. Commissioner of
Income
Circle-1,
Salem.

(अपीलार्थी/**Appellant**)

(प्रत्यर्थी/**Respondent**)

अपीलार्थी की ओर से/ Appellant by

: Shri T.S. Lakshmi Venkatraman,
FCA

प्रत्यर्थी की ओर से /Respondent by

: Ms. R. Anita, Addl. CIT

सुनवाई की तारीख/Date of Hearing

: 14.08.2024

घोषणा की तारीख /Date of Pronouncement

: 18.09.2024

आदेश / **ORDER**

PER JAGADISH, A.M :

Aforesaid appeal filed by the assessee for Assessment Year (AY) 2017-18 arises out of the order of Learned Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Delhi [hereinafter "CIT(A)"] dated 01.12.2023 in the matter of assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Income-tax Act, 1961 (hereinafter "the Act") vide order dated 10.12.2019.

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2. The only effective ground in this appeal of assessee is against confirming the addition of cash deposits of Specified Bank Notes (SBNs) during demonetization period to the extent of Rs. 55,04,500/-. The A.O has made addition of Rs. 2,03,02,000/- of SBN notes during demonetization period from 09.11.2016 to 30.12.2016 as unexplained money in the best judgment assessment order. The Ld. CIT(A) has deleted the addition to the extent of Rs. 1,47,97,500/- and confirmed the balance addition of Rs. 55,04,500/-. Aggrieved, now the assessee is in appeal before us.

3. The Ld. AR has submitted that the assessee is in the business of running retain dealer for supply of LPG gas cylinder for domestic and commercial purposes and as per terms of notification issued by Ministry of Finance vide Notification No.3416(E) dated 09.11.2016 was allowed to accept the SBN note. The Ld. A.R further submitted that SBN notes deposited in three bank accounts i.e., IOB for 1,55,61,500/- , DCB Bank for Rs. 7,22,500/- and IDBI Bank forRs. 40,18,000/- were proceeds of business and duly recorded in the books and therefore, no addition was called for as unexplained deposit. The Ld. CIT(A) has accepted cash deposit to the extent of Rs. 1,47,97,500/- as the same was transferred to Indian Oil Corporation. The A.O has not accepted

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cash deposit of Rs. 30,00,000/- made on 12.11.2016 as it was transferred to Sri Lakshmi Jewellery on the same day. The Ld. CIT(A) has also noted that cash deposit to the extent of Rs. 17,52,500/- made on 10.11.2016, 11.11.2016 and 12.11.2016 was also followed by transfer of Rs. 8,50,000/- to Sri Lakshmi Jewellery. The Ld. CIT(A) therefore concluded that sum of Rs. 47,82,000/- deposited in bank account was not business receipt. The Ld. CIT(A) has also not accepted cash deposit of Rs. 7,22,500/- in DCB bank as the bank statement was not produced before him. The Ld. AR has contended that the assessee is a partner in M/s. Sri Lakshmi Jewellery and funds were transferred towards capital to the above firm and in any case the A.O was to examine the source of cash deposit not the outgo. The Ld. AR has also submitted a copy of cash book, wherein all cash deposits have been duly reflected.

4. The Ld. DR, on the other hand, relied upon the orders of the authorities below, and argued in support of the order of Ld. CIT(A).

5. We have heard the rival submissions, and perused the materials available on record. The assessee was a dealer in supply of LPG gas cylinders for domestic and commercial purposes and was authorized to accept the SBN notes. The A.O has passed a best judgment

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assessment in which he has added entire cash deposit during the demonetization period. The Ld. CIT(A) has only allowed the cash deposit which has been transferred to IOC for purpose of purchase of goods. We do not find any merit in the order of the Ld. CIT(A) that only cash deposit to the extent it was used to transfer to IOC is explained and sum which was immediately transferred to its jewellery firm is unexplained. The A.O/Ld. CIT(A) was to examine the source of cash deposit not the application of cash deposit which was duly reflected in the cash book as a sale proceed. We, therefore do not find any merit in the addition sustained by the Ld. CIT(A) hence, delete the addition.

6. In the result, the appeal filed by the assessee is allowed.

Order pronounced on 18th September, 2024.

Sd/-
(यस यस विश्वनेत्र रवि)
(SS Viswanethra Ravi)
न्यायिक सदस्य / Judicial Member

Sd/-
(जगदीश)
(Jagadish)
लेखा सदस्य / Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 18th September, 2024.

EDN/-

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आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF