

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad ' A ' Bench, Hyderabad**

**Before Shri Manjunatha, G. Accountant Member and**  
**Shri K. Narasimha Chary, Judicial Member**

आ.अपी.सं / **ITA No.125/Hyd/2024**  
(निर्धारण वर्ष / Assessment Year: 2012-13)

Shri Krishna Mohan Thiriveedhi, KURNOOL PAN:AEFPT7694N (Appellant)	Vs.	Income Tax Officer Ward - 1 Kurnool (Respondent)
निर्धारित द्वारा / Assessee by:	Shri A. Harish, Advocate	
राजस्व द्वारा / Revenue by:	Shri Vamsi Krishna, DR	
सुनवाई की तारीख / Date of hearing:	10/10/2024	
घोषणा की तारीख / Pronouncement:	10/10/2024	

**आदेश/ORDER**

**Per Manjunatha, G. A.M**

This appeal filed by the assessee is directed against the order dated 14/12/2023 of the learned CIT (A)-NFAC Delhi, relating to A.Y.2016-17.

2. The brief facts of the case are that, the assessee is an individual, engaged in the business of trading in Groundnut seed on its own and on commission basis, filed his return of income for the A.Y 2012-13 on 17/03/2014 declaring total income at

Rs.2,15,530/-. The case has been subsequently reopened u/s 147 of the I.T. Act, 1961 for the reasons recorded as per which income chargeable to tax had been escaped assessment and thus, notice u/s 148 of the I.T. Act, 1961 was issued. The assessee has filed return of income in response to notice u/s 148 of the Act, on 25/01/2019 declaring total income at Rs.2,15,530/-. The case was selected for scrutiny and the assessment has been completed u/s 143(3) r.w.s. 147 of the I.T. Act, 1961 and determined the total income at Rs.66,68,548/- by making additions towards advances received from various persons for Rs.23,35,000/-, addition of the amounts received from sundry debtors Rs.19,44,000/- and addition of Rs.8,97,3093/- u/s 68 of the Act, towards amount claimed to have been received from Father, Mother and temporary loans and advances and further additions of Rs.12,76,720/- towards credit income account.

3. The assessee carried the matter in appeal before the first appellate authority and the learned CIT (A) NFAC Delhi vide their order dated 14/10/2023 partly allowed appeal filed by the assessee, where the learned CIT (A) sustained additions made towards advances received from various persons, amount received from Father, Mother and Temporary loans and also amount received towards outstanding debtors, however, deleted the addition made by the Assessing Officer towards credits appearing in bank account.

4. Aggrieved by the order of the learned CIT (A), the assessee is in appeal before the Tribunal.

5. The learned Counsel for the assessee submitted that the learned CIT (A) erred in sustaining the addition of Rs.23,35,000/- made by the Assessing Officer u/s 68 of the Act, towards amount received from customers for supply of groundnut seed without appreciating the fact that the appellant has received Rs.2,50,000/- from Shri A Ramanjaneyulu and Rs.4,53,000/- from Shri K. Ranga Reddy towards opening balance and the same cannot be added for the impugned A.Y. The learned Counsel for the assessee further submitted that in respect of balance of Rs.16,32,000/- received from 9 persons, the appellant has received advances for supply of groundnut seeds and the parties have confirmed the advances. The Assessing Officer and the learned CIT (A) without appreciating then fact made additions u/s 68 of the I.T. Act, 1961. The learned Counsel for the assessee further referring to the additions made for Rs.8,97,303/- u/s 68 of the Act, submitted that the appellant has received Rs.1,47,303/- from his father and Rs.1.00 lakhs from his mother and both father and mother confirmed amounts given to the assessee out of their savings. Similarly, the appellant has received Rs.5,50,000/- temporary loans through banking channels from sundry debtors and he has filed confirmation. Similarly, the assessee has also received Rs.50,000/- loan in cash and repaid the same on 1/3/2012 through account payee cheque. Although,

the assessee has filed all the details, the Assessing Officer and the learned CIT (A) sustained the additions. The learned Counsel for the assessee further referring to the addition of Rs.19,44,000/- being trade debtors of earlier years submitted that the appellant has received amount from 7 parties towards outstanding receivables and the same has been recorded in the books of account for the A.Y 2011-12. The assessee has filed confirmation from the parties but the Assessing Officer and the learned CIT (A) rejected the evidences filed by the assessee and made addition. Therefore, he submitted that the additions made by the Assessing Officer in respect of all 3 additions should be deleted.

6. The learned DR, on the other hand, supporting the order of the learned CIT (A) submitted that the learned CIT (A) has discussed the issue in light of evidences filed by the assessee and held that the appellant failed to prove the genuineness of the transactions and creditworthiness of the parties. Therefore, he submitted that the order of the learned CIT (A) should be upheld.

7. We have heard both the parties, perused the material available on record and gone through the orders of the authorities below. The Assessing Officer made addition of Rs.23,35,000/- towards advances received from customers for supply of groundnut seed u/s 68 of the Act, on the ground that the appellant failed to prove identity of the creditors, genuineness of the transaction and creditworthiness of the parties. A similar

addition of Rs.8,97,303/- has been made u/s 68 of the Act, towards amount claimed to have been received from father & mother of the appellant and also temporary loans from few persons on similar grounds. The Assessing Officer had also made addition of Rs.19,44,000/- u/s 68 of the Act, in respect of amount claimed to have been received from trade debtors on identical grounds. The learned Counsel for the assessee claims that the appellant has filed confirmation letters from all the parties to prove their identity and also explained the transactions with relevant evidences and proved that the advances received from farmers is for supply of groundnut seeds and the appellant receives advances from farmers and passed on to suppliers of groundnut seeds. The learned Counsel for the assessee had also took us to various evidences including confirmation from few parties in respect of the amount claimed to have been received from trade debtors and argued that all these parties are farmers who had paid money in cash for purchase of groundnut seeds. Similarly, the learned Counsel for the assessee explained amount received from father and mother and argued that the father and mother of appellant paid small amounts out of their savings.

8. We have gone through various evidences filed by the learned Counsel for the assessee which are available in paper book and we find that the appellant simply filed few confirmation letters from the parties and argued that he has discharged the burden cast upon u/s 68 of the I.T. Act, 1961 to prove identity,

genuineness of transactions and creditworthiness of the parties. In our view, in order to prove any credits appearing in the books of account, it is the duty of the appellant to file necessary evidences to the satisfaction of the Assessing Officer to prove identity, genuineness of transactions and creditworthiness of the parties. Mere furnishing confirmation letters without any further evidences would not satisfy the condition of proving identity of the creditors. Similarly, when the amount is claimed to have been received in cash, the genuineness of the transactions and creditworthiness of the parties should be proved with greater evidences. Therefore, in our considered view, merely filing confirmation letters along with Aadhar Card of the parties would not satisfy the conditions of proving identity of the parties leave alone satisfying the creditworthiness and genuineness of the transactions. At the same time, we cannot ignore the confirmation letters filed by the appellant that it has proof of all the parties to prove the identity. When the appellant has furnished confirmation letters and ID proof of the parties, the Assessing Officer should have carried further inquiries to ascertain the nature of the transaction between the parties. Since the Assessing Officer has failed to carry out further inquiries in light of confirmation letters filed by the assessee to ascertain the true nature of transactions, in our considered view, the issue needs to go back to the file of the Assessing Officer for further verification and to give one more opportunity of being heard to the assessee to explain its case with relevant details. Thus, we set aside the issue to the file of the

Assessing Officer and also direct the Assessing Officer to re-examine the case in light of various evidences filed by the assessee including confirmation from the parties to ascertain the true nature of transaction between the parties and the assessee and purpose of said payments, more particularly, in light of argument that he is in the business of trading in agricultural commodities and also facilitating trading in agricultural commodities for commission.

9. In the result, appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the Open Court on 10<sup>th</sup> October, 2024.

Sd/-

Sd/-

<b>(K. NARASIMHA CHARY)</b> <b>JUDICIAL MEMBER</b>	<b>(MANJUNATHA, G.)</b> <b>ACCOUNTANT MEMBER</b>
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Hyderabad, dated 10<sup>th</sup> October, 2024

**Vinodan/sps**

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2	Income Tax Officer Ward -1, 46/128-2 Prakash Nagar, Kurnool 518001
3	Pr. CIT - Kurnool
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*