

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“D” BENCH, AHMEDABAD  
BEFORE DR. BRR KUMAR, ACCOUNTANT MEMBER  
AND  
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

**ITA No.1263/Ahd/2024  
Assessment Year : 2017-18**

Naresh Bhojrajaj Parwani Naresh Textiles Sadhu Vaswani Mension Mirghavad Ahmedabad 380001. PAN : AHUPP 8536 D	Vs.	ACIT, Cir.3(1) Ahmedabad.
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(Applicant)		(Responent)
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Assessee by :	Shri Sakar Sharma, AR
Revenue by :	Shri Waghe Prasad Roa, Sr.DR

सुनवाई की तारीख / Date of Hearing : 15/10/2024  
घोषणा की तारीख / Date of Pronouncement: 15/10/2024

**आदेश/ORDER**

**PER DR. BRR KUMAR, ACCOUNTANT MEMBER**

Present appeal has been filed by the assessee against order passed by the Id.Commissioner of Income Tax(Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as “Ld.CIT(A)”]dated 15.05.2024 passed by invoking provisions of section 250 of the Income Tax Act, 1961 [hereinafter referred to as "the Act" for short]for the Asst.Year 2017-18.

2. The grounds raised by the assessee in the appeal read as under:

- 1. The Ld. CIT(A)-NFAC erred on facts and in law in making addition u/s 68 r.w.s. 115BBE of the Act amounting to Rs.31,72,000/- by treating cash deposited in the bank account representing mainly cash sales without appreciating that neither the provisions of section 68 have any application nor cash deposited in the bank account was unexplained.*

2. *The Ld. CIT (A)-NFAC erred on facts and in law in not appreciating the remand report of the Assessing Officer in right perspective while holding the cash deposited in the bank account during demonetization period to be unexplained and assessable u/s 68*
3. *The Ld. CIT(A)-NFAC erred on facts and in law in rejecting book results without any justification in as much as he accepted the gross profit rate disclosed for the year under consideration*
4. *The Ld. CIT(A)-NFAC erred on facts and in law in upholding action of Assessing Officer invoking provisions of section 115BBE to tax amount of addition at higher rate of taxation @60% without appreciating that amount added is neither assessable u/s 68 nor amended provisions have any application in the assessment year under consideration.*

3. In the assessment framed under section 143(3) of the Act, the ld.AO made addition of Rs.31,72,000/- being the cash deposited in the bank account of the assessee post-demonetisation. The AO held that the assessee could not satisfactorily explain the source of cash that has been deposited. Aggrieved assessee, went in appeal before the ld.CIT(A) who has confirmed the order of the AO.

Aggrieved by the order of the ld.CIT(A), the assessee filed further appeal before the Tribunal.

4. During before us, the ld.counsel for the assessee submitted that the assessee is in the business of sale of blankets and declared profit under section 44AB of the Act for three years before this assessment year. The ld.counsel for the assessee submitted that the assessee made cash sale of Rs.23,83,766.00 and also realized from debtors in cash of Rs.15,07,476. Hence, the cash deposited in the bank account be treated as explained. The assessee has also submitted bank statement, details of sale made to various parties, details of realization of sundry debtors, details of the opening stock and details of the closing stock.

On the other hand, the ld.DR argued that the assessee had deposited highest amount of cash only post-demonetization and hence, it shall be treated as unexplained income of the assessee.

5. We have gone through the details on record. We find that the opening stock was Rs.20,88,770/- and the closing stock was NIL. The opening sundry debtors were Rs.26,78,038/- and the closing stock of sundry debtors were of Rs.9,81,841/-. There was an opening cash on hand of Rs.57,353/-. The assessee has submitted details of the debtors from whom the payments have been collected, and these details were very much before the Revenue authorities, and could not be disputed. The Revenue authorities have also not disputed the factum of cash sales (PB Page No.116-117, 122-223) of Rs.23,83,766/-. The closing stock has not been disputed. The opening cash was also not in dispute. Hence, keeping in view all these undisputed facts on record, it can be held that the assessee had sufficient cash as per the books which he has deposited in the bank account. Hence, the impugned addition confirmed by the ld.CIT(A) is hereby directed to be deleted.

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

**Order pronounced in the Court on 15<sup>th</sup> October, 2024 at Ahmedabad.**

**Sd/-  
(SIDDHARTHA NAUTIYAL)  
JUDICIAL MEMBER**

**Sd/-  
(DR. BRR KUMAR)  
ACCOUNTANT MEMBER**

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