

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH, CHENNAI**

श्री महावीर सिंह, उपाध्यक्ष एवं श्री जगदीश, लेखा सदस्य के समक्ष
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND
SHRI JAGADISH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: 1969/CHNY/2024

निर्धारण वर्ष/Assessment Year: 2017-18

M/s. S.S. Jewellers,
No.520, T.H. Road,
Old Washermenpet,
Chennai – 600 021.

The Income Tax Officer,
Vs. Non-Corporate Ward-6(2),
Chennai.

PAN: AANFS 9729B

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri R. Venkataraman, C.A &
Shri Viswa Padmanabhan, C.A
प्रत्यर्थी की ओर से/Respondent by : Smt. R. Anita, Addl.CIT
सुनवाई की तारीख/Date of Hearing : 22.10.2024
घोषणा की तारीख/Date of Pronouncement : 22.10.2024

आदेश /ORDER

PER MAHAVIR SINGH, VICE PRESIDENT:

This appeal by the assessee is arising out of the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) in Order Nos.ITBA/NFAC/S/250/2024-25/1065708403(1) dated 18.06.2024. The assessment was framed by the Income Tax Officer, Non-Corporate Ward 6(2), Chennai

u/s.144 of the Income Tax Act, 1961 (hereinafter the 'Act') for the assessment year 2017-18 vide order date 14.11.2019.

2. At the outset, the Id.AR for the assessee pointed out that there are two additions made by AO and confirmed by CIT(A) i.e., in regard to difference in closing stock being excess stock of Rs.28,81,957/- as disclosed in VAT returns comparing with disclosed in the audited accounts filed along with the return of income and the second addition of cash deposit of Rs.12,00,000/- during demonetization period in Specified Bank Notes (SBNs) added as unexplained money u/s.69 of the Act. The Id.AR for the assessee drew our attention to the following ground Nos.2 & 3:-

“2. That the Ld.CIT(A) is not justified in confirming the addition of Rs.28,81,957/- made by the Assessing Officer towards alleged inflated purchases.

3. That the Ld.CIT(A) is not justified in sustaining the addition of Rs.12,00,000/- made by the Assessing Officer treating cash deposits in the bank account during the demonetization period as unexplained money u/s.69 of the Act.”

3. The Id.AR stated that as regards to addition made by AO of excess stock of Rs.28,81,957/-, the aggregate stock is disclosed in the books of accounts and audited accounts enclosed with the return of income at Rs.2,63,52,884/- and whereas as per the VAT returns and as per computation of AO, the total VAT stock is

Rs.2,34,70,927/-. The Id.AR now filed reconciliation statement of closing stock and stated that, in any case, this VAT returns have two or three elements that VAT paid and non-VAT stock and the VAT returns stock as per VAT returns computed by AO does not give a clear picture. He filed the following reconciliation:-

(Rs.)

<i>AY</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
<i>Opening Stock</i>	<i>79,01,609</i>	<i>60,00,642</i>	<i>1,23,16,573</i>	<i>2,47,12,785</i>
<i>Closing Stock</i>	<i>60,00,642</i>	<i>1,23,16,573</i>	<i>2,47,12,785</i>	<i>2,26,60,555</i>

4. When this was confronted to Id. Senior DR, she only stated that the matter can be restored back to the file of the AO for verification. As confessed by both the sides, the reconciliation statement is being referred back to the file of the AO, who will examine the closing stock disclosed in the books of accounts and as brought in the audited accounts viz-a-viz, the stock which includes in VAT return and the opening stock which has been included and also other purchases other than VAT, thereafter the AO will carry out verification of the same and then decide whether there is any difference or not, after giving due opportunity to the assessee to explain its case. In term of the above, this issue is restored back to the file of the AO. The orders of lower authorities are set aside accordingly.

5. The next issue of cash deposit of Rs.12,00,000/- deposited during demonetization period in SBNs, the Id.AR for the assessee now before us claimed that the assessee is engaged in the business of gold and silver trading from past 23 years and this specified bank notes were received on account of sales and for that, the assessee is ready to produce bills and vouchers and can correlate these entries and qua that few of the vouchers were filed in assessee's paper-book which consists of 86 pages. The Id.AR stated that unfortunately the assessee could not take this plea before the AO and assessee could not upload the bills and vouchers in the faceless assessment because of volume of bills and vouchers. However, it was contended that in the faceless appeal, the assessee has filed entire details, which was overlooked by CIT(A) and has not gone into the details.

6. When this was confronted to Id. Senior DR, she could not point out how this information submitted by assessee before CIT(A) in regard to cash deposits out of sales is verified. She could not reply but she requested that matter can be referred back to CIT(A) or AO again for verification.

7. In view of the above discussion and going by the facts, we are inclined to restore this issue back to the file of the AO, who will

examine the bills and vouchers viz-a-viz, the sale of items by assessee and cash deposits. The assessee will file complete details of cash deposits made in bank account and will explain how it arises out of sales before the AO and the AO after examination will decide this issue afresh. In term of the above, this appeal of assessee is allowed for statistical purposes.

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

Order pronounced in the open court at the time of hearing on 22nd October, 2024 at Chennai.

Sd/-

(जगदीश)

(JAGADISH)

लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 22nd October, 2024

Sd/-

(महावीर सिंह)

(MAHAVIR SINGH)

उपाध्यक्ष /VICE PRESIDENT

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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