



।आयकर अपीलीय अधिकरण "एस एम सी" न्यायपीठ पुणेमें।
IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCHES "SMC" :: PUNE

BEFORE DR.DIPAK P. RIPOTE, ACCOUNTANT
MEMBER AND
SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकरअपीलसं. / ITA No.165/PUN/2024

निर्धारणवर्ष / Assessment Year:2017-18

Ashabai Shriram Patil, Shriram Agro Plast, Gat No.1173, Pal Road Raver, Jalgaon – 425508. PAN: ABDPP3516G	V s	The Deputy Commissioner of Income Tax, Circle-1, Jalgaon.
Appellant/ Assessee		Respondent / Revenue

Assessee by	Smt. Deepa Khare – AR
Revenue by	Smt. Shabana Parveen – Addl.CIT(DR)
Date of hearing	06/11/2024
Date of pronouncement	07/11/2024

आदेश/ ORDER

PER DR. DIPAK P. RIPOTE, AM:

This is an appeal filed by the Assessee directed against the order of Id.Commissioner of Income Tax(Appeal)[NFAC], under section 250 of the Income tax Act, 1961 dated 29.11.2023 for A.Y.2017-18. The assessee has raised the following grounds of appeal :

“1. On the facts and in the circumstances of the case and in law, the Id CIT(A) has erred in confirming addition of Rs.25,44,500/- ,treating as unexplained credits u/s 68 of the I T Act and taxing it u/s



115BBE of the I T Act even though all the sales are duly supported. The aforesaid additions being arbitrary, perverse, devoid of merits and patently illegal the same may please be deleted.

2. The Appellate craves the permission to add, amend, modify, alter, revise, substitute delete any or all ground of the appeal if deemed necessary at the time of hearing of the appeal.”

Brief facts of the case :

2. The assessee e-filed Return of Income for A.Y.2017-18 on 31.10.2017 declaring total income of Rs.16,56,290/- and Agricultural Income of Rs.5,57,715/-. Assessee is a proprietor of Shriram Agro Plast Industries which is engaged in the business of manufacturing, trading in Drip Irrigation Systems, Plastic Products and Reprocessing of Old Lateral Tubes.

2.1 During the assessment proceedings, Assessing Officer(AO) observed that assessee had deposited cash of Rs.25,44,500/- during the Demonetization into two bank accounts maintained by assessee. Ld.AO asked the assessee to explain the cash deposits. Assessee explained that it has been sourced from the cash sales made. Assessee filed comparative chart for F.Y.2015-16 and F.Y.2016-17 of cash sales, cash receipts, cash balance etc., Assessee also filed cash books, sales registers, purchase registers, quantitative details of closing stock, copies of bank statements,



ledgers before the AO. However, the AO added the amount u/sec.68 of the Act. Aggrieved by the same, assessee filed the appeal before the ld.CIT(A). Before the ld.CIT(A) assessee filed all the documents again. However, ld.CIT(A) observed that the Quarterly VAT Return from 1st April to 30th September 2016 had shown “NIL Sales”, whereas sales from 1st October to 31st December, 2016 was Rs.48,53,575/-. Therefore, ld.CIT(A) arrived at the conclusion that the cash deposits do not match with the sales shown in the VAT Return. Accordingly, ld.CIT(A) confirmed the addition. However, ld.CIT(A) held that addition needs to be made u/sec.69A of the Act.

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

Submission of ld.AR :

3. Ld.Authroised Representative for the assessee filed a paper book containing 226 pages. Copies of the following documents are filed by the assessee in the paper book :

1. *Written submission before CIT(A) (NFAC) Delhi*
2. *Acknowledgement of submission of u/s 142(1) Dt. 18/07/2019 before AO*
3. *Details of cash deposits in bank*
4. *Monthwise deposits in bank*



5. *Partywise cash credit purchases*
6. *Partywise credit sales 01.04.2015 to 31.03.2016*
7. *Sales register*
8. *Purchase register for the period 01.04.2016 to 08.11.2016*
9. *Monthwise cash in hand*
10. *Wages A/c*
11. *Closing stock*
12. *Cash book*
13. *Reply to show cause Notice dt. 19/12/2019*
14. *Reply to show cause notice to CIT Circle 2, Jalgaon*
15. *Tax Audit Report*
16. *Cash book*
17. *E Returns GST*
18. *Notice u/s 142(1)*
19. *Submission of documents before CIT(A)*
20. *Show cause notice dt. 16/12/2019*

3.1 Ld.AR submitted that during the relevant year, VAT had introduced e-filing which was a new system. Therefore, due to the technical glitches, the sales in the first two quarterly returns appeared as NIL. However, the Annual VAT Return does show the total sales. Ld.AR also submitted the copy of the VAT Audit Report and demonstrated total sales which was Rs.3,40,67,751/-. Ld.AR submitted that assessee has submitted sales register, purchase register, cash books, monthly sales list before the AO as well as ld.CIT(A). All these documents were sufficient to explain the sales made by the assessee and also assessee had submitted comparative details for earlier years. Ld.AR invited our attention to the fact which is reproduced by ld.CIT(A) that cash sales from 01.04.2016 to 08.11.2016 was Rs.43,06,141/-, whereas cash sales



from 01.04.2015 to 08.11.2015 was Rs.1,03,60,644/-. Therefore, Id.AR pleaded that there was consistent cash sales even in the earlier year. Ld.AR pleaded that addition is not sustainable.

Submission of Id.DR :

4. Ld.Departmental Representative for the Revenue relied on the order of Assessing Officer and Id.CIT(A).

Findings & Analysis :

5. We have heard both the parties and perused the records. It is an admitted fact that assessee had filed Return of Income for A.Y.2017-18 under section 139(1) of the Act, similarly for earlier years also assessee had filed return of income within the time. Ld.CIT(A) had produced the chart showing cash-in-hand which is as under :

Narration ---	A.Y.2017-18-Rs	A.Y.2016-17-Rs.
Opening cash balance as on 1/4/	1,879	1,15,902
Add: Cash sales during 1/4 to 8/11	43,06,141	1,03,60,644
Total	43,08,020	1,04,76,546
Less: Cash deposited in bank during 1/4 to 8/11	8,05,600	53,43,466
Balance	35,02,420	51,33,080
Less:- Cash withdrawal during 1/4 to 8/11	9,43,823	48,59,144
Cash balance available as on 9/11/2016	25,58,597	2,73,936



5.1 Thus, it can be observed from the above that assessee had cash balance of Rs.25,58,597/- in the cash book as on 09/11/2016. It is also observed that there has been cash sales during A.Y.2016-17 also. Therefore, Assessing Officer's allegation that because of the Demonetization, assessee has shown cash sales is baseless. The assessee had filed sales registers, purchase registers, stock register, cash book before the AO. Assessee's books of accounts are audited. The AO has not pointed out any discrepancy in the sales register, purchase register, stock register and cash book. The AO has merely made a statement that assessee failed to explain the source of cash deposits. We are of the opinion that when assessee filed all the necessary books, audit report, then the onus shifts on Assessing Officer to analyze these books. In the assessment order, AO has not pointed out any discrepancy in these books. Ld.CIT(A) referred to the Quarterly VAT Returns to confirm the addition. However, ld.CIT(A) has not referred to the Annual VAT Return, VAT Audit Report. Before us, the Assessee also filed a Chart to demonstrate that though due to technical errors, sales in the first quarter was appearing as "NIL", the assessee has made payments of VAT Amount on 19.07.2016 which was much before Demonetization. These documents does reflect the sales of the



assessee for the year. The AO as well as the Id.CIT(A) has accepted sales and purchases of the assessee, then they cannot reject part of the cash book merely on surmises. In these facts and circumstances of the case, we are of the opinion that assessee established source of cash deposits. Therefore, Id.AO is directed to delete the addition of Rs.25,44,500/-. Accordingly, grounds of appeal raised by the assessee are allowed.

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

Order pronounced in the open Court on 7th November, 2024.

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

Sd/-
(DR. DIPAK P. RIPOTE)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 7th Nov, 2024/ SGR*

आदेशकीप्रतिलिपिअग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(A), concerned.
4. The Pr. CIT, concerned.
5. विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, "एस एम सी" बेंच, पुणे / DR, ITAT, "" Bench, Pune.
6. गार्डफाइल / Guard File.

आदेशानुसार / BY ORDER,

// TRUE COPY //

Senior Private Secretary
आयकर अपीलीय अधिकरण, पुणे/ITAT, Pune.