

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH, COCHIN**

**Before Shri Inturi Rama Rao, Accountant Member
&
Shri Prakash Chand Yadav, Judicial Member**

ITA No.60/Coch/2024 : Asst.Year 2017-2018
ITA No.85/Coch/2024 : Asst.Year 2017-2018
&
SA No.136/Coch/2024

Mangattuparambil Ashokan Nair Sreeraj, Mangattuparambil Aimanam, Kottayam Kerala – 686 017. PAN : BOUPS8216P.	v.	The Income Tax Officer Ward 4 Kottayam.
(Appellant)		(Respondent)

Appellant by :--- None ---
Respondent by :Smt.Leena Lal, Senior AR

Date of Hearing : 18.11.2024	Date of Pronouncement : 09.12.2024
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ORDER

Per Prakash Chand Yadav, JM :

The present appeals of the assessee along with stay application No.136/Coch/2024 are arising from the order of the Joint Commissioner of Income-tax (Appeals) dated 11.12.2023 and relates to the assessment year 2017-2018.

2. We are taking appeal in ITA No.60/Coch/2024 as the lead matter since ITA No.85/Coch/2024 is duplicate of ITA No.60/Coch/2024, so we dismiss the appeal ITA No.85/Coch/2024 as infructuous.

3. The short facts in respect of the present appeal are like that the assessee is an individual carrying on the business of

trading of recharge coupon of Vodafone and Idea on whole sale basis. For the impugned assessment year, the assessee has filed its return of income declaring income of Rs.3,14,370 on 27thMarch, 2018. Thereafter, the case of the assessee was selected for scrutiny on the ground that “large value of cash deposited during the demonetization period”. During the course of assessment proceedings, the Assessing Officer (AO) observed that the assessee has deposited an amount of Rs.4,15,000 in cash during demonetization period on various dates starting from 10thNovember, 2016 to 30thDecember, 2016. The AO sought reply of the assessee vis-à-vis source of the cash deposited during these dates. In response to the queries of the AO, the assessee replied that the source of the cash as, trading receipts. However, disbelieving the version of the assessee, the AO took a view that the amount deposited up to the date of 10th November, 2016, i.e., Rs.2,27,000 is explained cash and the amount deposited after 10th November, 2016 is an amount unexplained cash. Accordingly, the A.O. made an addition of Rs.1,88,000 out of the total cash deposit of Rs.4,15,000.

4. Aggrieved with the order of the AO, the assessee preferred an appeal before the Id.JCIT(A) and contended that the order of the AO is not legally tenable. The JCIT issued several notices to the assessee. These notices remained un-complied with, hence the JCIT dismissed the appeal of the assessee *in limine* without dealing with the merits of the case.

5. Now the assessee has come up in appeal before us, raising four grounds of appeal. However, the solitary issue which is to be decided as to whether the addition of Rs.1,88,000 to the returned income of the assessee is justifiable.

6. Today when the matter has been taken up for hearing, no one appeared from the side of assessee despite service of notice of hearing.

7. The learned Departmental Representative relied upon the orders of the authorities below.

8. We have heard the rival submissions and perused the material available on record. We observe that the total turnover of the assessee for the impugned year is Rs.2,58,78,692. When we calculate the average of this total turnover, then the monthly average of the assessee's trade is Rs.21,58,560. These figures have been accepted by the AO. We fail to understand the action of the AO, treating the amount deposited after 10th November, 2016 as unexplained investments, particularly when all entries of sale and purchase had not been doubted by the AO. It is also not the case of the AO that there was any acceptance of statutory banned notes (SBN) notes till 31stDecember, 2016. On the contrary, we find that the Finance Ministry has extended the circulation of SBN notes from time to time in order to provide relief to the common people of India. In fact, there is an instruction of CBDT, Instruction No.3 of 2017 dated 21/02/2017 which clearly says that no action in such cases would be taken where the total amount of cash is

deposited up to the tune of Rs.2,50,000. In the present case, admittedly, the addition is only of Rs.1,88,000. Therefore, having regard to the facts that the assessee was having a good turnover, which has been accepted by the AO, the addition made by the AO and sustained by the JCIT is hereby deleted.

9. When we heard the matter on court, fundamentally, we have thought that the matter will go back to the file of the JCIT. However, while dictating the order, we formed an opinion that sending the matter back to the file of the JCIT would only be prolonging the unnecessary proceedings, and therefore, we allowing the appeal of the assessee there itself.

10. ITA No.85/Coch/2024 being filed duplicately by the assessee is hereby dismissed.

11. The stay application becomes infructuous since we have decided the quantum appeal.

12. In the result, the appeals as well as the stay application filed by the assessee are dismissed.

Order pronounced on this 09th day of December, 2024.

Sd/-
(Inturi Rama Rao)
ACCOUNTANT MEMBER

Sd/-
(Prakash Chand Yadav)
JUDICIAL MEMBER

Cochin; Dated : 09th December, 2024.
Devadas G*

Copy to :

1. The Appellant.
2. The Respondent.
3. The CIT, Cochin.
4. The DR, ITAT, Cochin.
5. Guard File.

Asst.Registrar/ITAT, Cochin