

**IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, AHMEDABAD
BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No. 1847/Ahd/2024
(Assessment Year: 2017-18)

Income Tax Officer, Ward-1(1)(1), Ahmedabad	Vs.	Bal Hanuman Tex Fab Pvt Ltd, 90, Basant Bahar Bungalow, Opp. Sterling City Club, Ambli Bhopal S.O., Ahmedabad, Gujarat-380058 [PAN : AAECB 2802 N]
(Appellant)	..	(Respondent)
Appellant by :	Shri V.K. Mangla, Sr. DR	
Respondent by:	Shri Sanjay R. Shah, AR	
Date of Hearing	16.12.2024	
Date of Pronouncement	19.12.2024	

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT :

This appeal has been filed by the Revenue against the order passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi (hereinafter referred to as "CIT(A)" for short), dated 26.09.2024 passed under Section 250 of the Income-tax Act, 1961 [hereinafter referred to as "the Act" for short], for Assessment Year (AY) 2017-18.

2. The grounds of appeal raised by the Revenue are as follows:-

"1. Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) was justified in deleting the addition of Rs. 13,86,410/- u/s 65 of the Act on account of unexplained cash without appreciating the facts of the case?"

- 2-

2. *Whether on the facts and in the circumstances of the case and in law, the ld.CIT(A) has erred in ignoring the fact that the assessee has transacted with M/s Hariram J Prasad, an entity which is an accommodation entry provider?*

3. *The appellant craves leave to amend or alter any ground or add a new ground, which may be necessary."*

3. The brief facts of the case are that the assessee is engaged in the business of cloth and it had filed its return of income on 30.09.2017 declaring total income at Nil. Based on the information received from the DDIT (Inv.), Kolkata that the assessee has entered into transaction with M/s Hariram J Prasad and received Rs. 13,86,410/- during the year under consideration, the case was reopened u/s. 147 and notice u/s. 148 of the Act. Since the assessee failed to prove the genuineness, creditworthiness and identity of transactions with M/s. Hariram J Prasad of Rs. 13,86,410/-, the Assessing Officer framed the assessment u/s. 147 of the Act on 10.09.2021 by making addition u/s.68 of the Act.

4. Aggrieved by the order of the Assessing Officer, the assessee filed appeal before the Ld. CIT(A) who allowed the appeal of the assessee. Being a case of alleged entry operator, the revenue filed appeal before us.

5. During the hearing, the assessee submitted that he has sold goods to various customers in Kolkata through its agent Shri Ram Gopal Khaitan, proprietor of Shri Shyam Synthetics and the entire sales of Rs.13,86,410/- has been part of the turnover of the assessee and the receipts have been duly accounted for. It was argued that it cannot be said that the assessee has received this amount without purchase of goods and the monies received out of sale of goods have been in turn used for purchase of goods. The Ld. DR relied on the order of the Assessing Officer and the report of the

- 3-

Investigation Wing. Having heard the arguments, we have gone through the order of the Ld. CIT(A) and the rationale thereof. The Ld. CIT(A) held that :-

“6.2.3 As can be seen from the assessment order and the submissions of the assessee, that the AO concluded the assessment stating that the assessee failed to identify and prove the genuineness and creditworthiness of the customers to whom the goods were sold. However, during the assessment proceedings, the assessee submitted that they had no connection with M/s. Hariram Jagdish Prasad, which is incorporated in Para No.6 and 7 of the assessment order. Further, during the appellate proceedings, the assessee reiterated that they received an amount of Rs. 13,86,410/- from its customers against sale of goods through its agent Shri Ram Gopal Khaitan. Also, the assessee submitted the names of the parties from whom the payments were received. The AO in the assessment order has failed to clearly show the nexus between the assessee and M/s Hariram Jagdish for availing accommodation entry of Rs.13,86,410/-. Further, Rs. 13,86,410/- has already been considered for taxation because this amount was shown as proceeds of sales of goods to various customers in Kolkata. This was not controverted by the AO. There is no burden cast on the assessee to prove the genuineness and creditworthiness of its customers under the income tax law because addition on account of unexplained cash credits u/s 68 cannot be made qua sales credited to profit and loss account. Hence the addition made by the AO in this regard is not justified and the ground raised by the assessee in this regard is ALLOWED.”

6. Since the amounts have been duly accounted for taxation as being received from the customers at Kolkata, considering the entire factum of the case, we hereby affirm the judicious order of the Ld. CIT(A).

7. In the result, the appeal of the Revenue is dismissed.

The order is pronounced in the open Court on 19.12.2024

Sd/-

Sd/-

(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

(DR. B.R.R. KUMAR)
VICE-PRESIDENT

Ahmedabad; Dated 19/12/2024

btk

आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

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आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad