

**INCOME TAX APPELLATE TRIBUNAL  
AGRA BENCH "DB": AGRA  
SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER  
AND  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER  
(Through virtual hearing)**

**ITA No. 10/AGR/2024  
(Assessment Year: 2017-18)**

<b>Shri Manoj Kumar Verma,</b> 121, Katra Mohalla, jagshyam Filing Station, Sultangaj, Mainpuri (Appellant) <b>PAN: ACPV4003K</b>	Vs.	Income Tax Officer, Ward-4(2)(4), Mainpuri  (Respondent)
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Assessee by :	Shri Sahib P. Satsangee, CA
Revenue by:	Shri Shailendra Shrivastava, Sr. DR
Date of Hearing	05/02/2025
Date of pronouncement	02/04/2025

**ORDER**

**PER M. BALAGANESH, A. M.:**

1. The appeal in ITA No.10/AGR/2024 for AY 2017-18, arises out of the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. NFAC', in short] dated 04.12.2023 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 30.12.2019 by the Assessing Officer, ITO, Ward-4(2)(24), Mainpuri (hereinafter referred to as 'Id. AO').
2. The Ground No.1 raised by the assessee was stated to be not pressed by the Learned AR at the time of hearing. The same is reckoned as a statement made from the Bar and accordingly Ground No.1 raised by the assessee is hereby dismissed as not pressed.

3. The Ground Nos. 2 to 5 raised by the assessee are challenging the confirmation of addition in the sum of Rs 38,05,000/- on account of cash deposits made during the demonetization period.

4. We have heard the rival submissions and perused the materials available on record. The assessee is an individual carrying on the business of Indian Oil Corporation Diesel Pump under the name and style of M/s Jag Shyam filling station at Mainpuri. The assessee during the year under consideration derived income from business and agricultural income. The case of the assessee was selected for limited scrutiny to examine the cash deposits made by the assessee during the year. The return of income for the assessment year 2017-18 was filed by the assessee declaring taxable income of Rs 3,61,970/- and agricultural income of Rs 40,950. In the assessment proceedings, the Learned AO noted that assessee had made certain cash deposits during the demonetization period and asked for explanation of the source of such cash deposits to the tune of Rs 88,68,000/-. The Learned AO observed that assessee had made cash sales of Rs 44,28,500/- only on sale of petroleum products during the demonetization period and hence there is a difference of Rs 44,39,500/- in high old currency notes which were deposited by the assessee in his bank account. The assessee submitted that the remaining sum represent recoveries made in Specified Bank Notes from old debtors during the demonetization period. It was submitted that since Petrol Pumps were permitted to receive monies in Specified Bank Notes, the same cannot be considered as illegal when it is subsequently deposited into the bank account. Further, the assessee also submitted that he had received 58,00,600/- other than sale proceeds of petroleum products as cash from various persons as advance from 37 parties and in support of his claim submitted affidavits from 37 parties who had paid cash to the

assessee which were ultimately deposited in specified bank notes in the bank account of the assessee. The learned AO did not doubt the veracity of the fact of advance received from customers in cash to the tune of Rs 58,00,600/-. This is evident from the fact that the learned AO did not make any addition as unexplained cash credit on account of advance received from customers even though the said sum was found credited in the books of accounts of the assessee. Hence, this goes to prove the veracity of the credit together with its genuineness and the same could not be doubted by the learned AO at all to the tune of Rs 58,00,600/-. Hence, when the said sum was subsequently deposited in the bank account of the assessee during the demonetization period, the source of such deposit becomes clearly explained and need to be accepted by the revenue.

5. The assessee also furnished the complete cash book for the whole year, on perusal of which it was noticed that assessee had sufficient cash balance to make cash deposits on each and every day during the year, including the demonetization period. As far as the affidavits filed by the 37 parties in respect of advance paid to the assessee in cash is concerned, the Learned AO observed that the affidavits were noted in the same language and they have deposited in cash to the assessee for procuring diesel, but the said diesel was supplied to them in the next financial year. The Learned AO also observed that the affidavits were prepared on the same date i.e. 30-11-2019 for all the parties. Accordingly, he doubted the veracity of the said affidavits, but did not make any addition for Rs 58,00,600/- in respect of advance received from customers in cash under section 68 of the Act despite the fact that the said sums were found credited in the books of accounts of the assessee. However, the said sum was ignored by the Learned AO as a cash source available with the

assessee and the Learned AO arrived at the deficit figure of Rs 38,05,000/- being the cash deposits made during the demonetization period having no source of cash and accordingly treated the same as unexplained money under section 69A read with section 115BBE of the Act and added the same to the total income of the assessee. Further, the Learned AO also added a sum of Rs 4,95,746/- towards the recovery of cash made by the assessee from its existing debtors which were treated as unexplained money under section 69A read with section 115BBE of the Act and added the same to the total income of the assessee. This action of the Learned AO was upheld by the Learned NFAC.

6. We find that the Learned AO admittedly had not made any addition on account of advance received from customers in cash in the sum of Rs 58,00,600/- which were stated to be received by the assessee as advance in cash from the customers for which diesel were supplied to them in the subsequent year. No addition for the same was made as unexplained cash credit under section 68 of the Act during the year under consideration, even though the said sums were found credited in the books of accounts of the assessee. Hence the Learned AO having accepted the said credits to be genuine cannot reject the claim of the assessee to treat the said sum of Rs 58,00,600/- as a cash source available to explain the cash deposits made in the bank account during the demonetization period. Further with regard to the other addition of Rs 4,95,746/- made by the Learned AO, that is nothing but the recovery made in cash from the existing debtors of the assessee, on which the sales had already been reported by the assessee. Hence the said recovery from old debtors would also be available as a cash source with the assessee to explain the cash deposits made in the bank account. Hence there cannot be any addition that could be made in the sum of Rs 4,95,746/- and Rs 38,05,000/- in the

hands of the assessee. In our considered opinion, the entire cash deposits made in the bank account stands properly explained. Accordingly, the Ground Nos. 2 to 5 raised by the assessee are hereby allowed.

7. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the open court on 02/04/2025.

-Sd/-  
**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 02/04/2025  
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi