

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

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND  
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

I.T.A. No. 30/Ran/2024 (Assessment Year-2017-18)

(Virtual Hearing)

|                                                                                                                   |     |                                            |
|-------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------|
| Prem Chandra,<br>Plot No. M-3, City Centre, Sector-4,<br>Bokaro-827004 (Jharkhand)<br><b>PAN No. ADCPC 8708 L</b> | Vs. | A.C.I.T./D.C.I.T.,<br>Circle-3,<br>Bokaro. |
| Appellant/ Assessee                                                                                               |     | Respondent/ Revenue                        |

|                           |                                 |
|---------------------------|---------------------------------|
| Assessee represented by   | Shri Devesh Poddar, Adv.        |
| Department represented by | Shri Khubchand T. Pandya, Sr.DR |
| Date of hearing           | 13/03/2025                      |
| Date of pronouncement     | 13/03/2025                      |

**ORDER**

**PER: BENCH**

1. This appeal by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi (NFAC)/learned Commissioner of Income Tax (Appeals) [in short, the Id. CIT(A)] dated 16/10/2023 for the Assessment Year (AY) 2017-18. In this appeal, the assessee has raised following grounds of appeal:

- "1. For that Ld. CIT(A) was not justified in confirming the addition of ₹ 16,92,662/- being the alleged cash deposited in the bank account of M/s Progressive Distributor, Partnership Firm having PAN No. AAEP7813J. The addition was made alleging that the PAN of the assessee was linked to the bank account of the firm. Anyhow, as the case may be, the firm being a separate legal entity, filing its own ITR, no addition is called for in the hands of the assessee.*
- 2. For that the lower authorities failed to appreciate the fact that the Firm has filed the ITR for the year under consideration and has duly disclosed this Indian bank account and the cash deposited in the return. Moreover, the bank vide its letter dated 02/12/2019 has even confirmed that due to clerical error the PAN of the assessee was linked with the account of the firm and that the same stands rectified now. As such, the addition made in the hands of the assessee is arbitrary, illegal and fit to be deleted."*
- 3. For that the other grounds in detail shall be argued at the time of final hearing."*

2. Facts of the case, in brief, are that the assessee has made huge amount of cash deposit of ₹ 16,92,662/- in the Indian Bank account of M/s Progressive Distributors and ₹,2,50,000/- in post office account during demonetization period in the form of Specified Bank Notes (SBN). Accordingly, the case was selected for scrutiny and statutory notices under Section 143(2) and 142(1) of the Income Tax Act, 1961 (in short, the Act) were issued and served upon the assessee to explain the source of said cash deposits. In response to that, the Authorised Representative of the assessee Shri Vivek Ranjan appeared on 17/06/2019 and filed copy of ITR alongwith computation of income.
3. It was found by the Assessing Officer that the assessee e-filed the return of income for the said assessment year on 15/03/2018 declaring total income at ₹ 13,60,810/-. It was also found that the assessee runs a firm named as M/s Progressive Distributors. The assessee also gets remuneration from the firm and income from interest from the savings bank account and the term deposits.
4. The Assessing Officer during the course of assessment proceedings, asked the assessee to explain the source of cash deposit made during demonetization period but despite giving several opportunities of being heard, the assessee did not make any compliance and also not explained the source of cash deposit. The Assessing Officer, therefore, added the entire cash deposit of ₹ 16,92,662/- as unexplained money under Section 69A read with Section 115BBE of the Act on the ground that the source of this money was not explained by the assessee despite several opportunities given to him.

5. Aggrieved by the order of Assessing Officer, the assessee filed appeal before the Id. CIT(A), who vide impugned order dated 16/10/2023 upheld the action of Assessing Officer by holding as under:

*"the assessee did not file any submission supported by proper evidence alongwith computation under Rule 46A for admission of evidence in the appellate proceedings. The assessee has not controverted the findings of the Assessing Officer supported by proper evidence. In the written submissions, the assessee has merely reiterated the submissions made before the Assessing Officer. No evidence whatsoever, has been filed by the assessee to substantiate and buttress the grounds of appeal or the written submissions. The assessee has not established how the cash belonging to the firm was deposited against his name and whether the said cash was properly examined in the hands of the firm. In the circumstances, I do not find any reason to interfere with the well reasoned and speaking order of the Assessing Officer. Therefore, additions made by the Assessing Officer are confirmed."*

6. Aggrieved by the order of Id. CIT(A), the assessee has preferred present appeal before this Tribunal. During the course of hearing before us, it was submitted that the alleged cash deposit was made in the bank account of M/s Progressive Distributors which is a partnership firm having PAN No. AAIEFP7813J. The addition was made on the ground that PAN of the assessee was linked with the bank account of the firm. Thus, the firm being a separate legal entity, filing its own ITR, no addition is called for in the hands of assessee. It was further submitted that both i.e. Assessing Officer and the Id. CIT(A) failed to appreciate that the firm has filed ITR for the year under consideration and has duly disclosed this Indian bank account and the cash deposited therein. The Id. appellant's counsel also submitted a confirmation from the said Indian Bank where the cash was alleged to have been deposited,

who confirmed that due to clerical error, the PAN of the assessee was linked with the account of the firm and that the same stands rectified now. As such, the addition made in the hands of assessee is arbitrary, illegal and fit to be deleted.

7. On the other hand, the Id. Sr.DR has relied on the orders of lower authorities.
8. We have carefully considered the rival submissions and we are inclined to accept the contention of the Id. Appellant's counsel that since the cash deposits have been made in the bank account of the firm M/s Progressive Distributors, the partner of the firm cannot be held responsible to explain the cash deposits made in the bank account of the firm during demonetization period. Addition, if any, is to be made it is to be made in the hands of the firm and not in the hands of the partners. Thus, the addition made by the Assessing Officer in the name of the assessee being partner of the firm cannot be justified from any angle. Thus, the addition made in the hands of assessee is deleted.
9. In the result, this appeal filed by the assessee is allowed.

Order announced in open court on 13 March, 2025.

Sd/-  
(GEORGE MATHAN)  
JUDICIAL MEMBER  
Ranchi, Dated: 07/04/2025

*\*Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

Sd/-  
(RATNESH NANDAN SAHAY)  
ACCOUNTANT MEMBER

By order

Sr. Private Secretary, ITAT, Ranchi