

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

**BEFORE : SMT. ANNAPURNA GUPTA, ACCOUNTANT MEMBER
AND
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER**

ITA No. 162/Agr/2022
Assessment Year:2012-13

Pawan Kumar Chauhan, S/o Shri Mahesh Singh Chauhan, Devpura Road, Mainpuri.	Vs.	Income-tax Officer, Ward 2(5), Mainpuri.
PAN : AESPC4383A		
(Appellant)		(Respondent)

Assessee by	Sh. Pankaj Gargh, Advocate
Department by	Sh. Shailender Shrivastava, Sr. DR

Date of hearing	25.03.2025
Date of pronouncement	16.04.2025

ORDER

Per Annapurna Gupta, Accountant Member:

The present appeal has been filed by the assessee against the order dated 30.07.2022 passed by the learned Commissioner of Income-tax (Appeals) National Faceless Appeal Centre (NFAC) [in short "CIT(A)"] u/s. 250(6) of the Income-tax Act, 1961 (hereinafter referred to as "the Act").

2. Grounds raised by the assessee are as under :

"1. Because the Ld. CIT(A) has wrongly and arbitrarily confirmed all the additions made by the Assessing Officer without considering the Audited Balance Sheet, purchase deed of properties, proof of life insurance premium and tuition fees paid.

2. Because the total addition in the fixed assets is of Rs. 15,45,867/- duly appearing in the audited balance sheet. The Assessing Officer made two separate additions, one of Rs. 3,02,166/- and another of Rs. 12,43,701/-(totaling to Rs. 15,45,867/-). The Ld. CIT (A) NFAC has legally and factually erred in confirming both these additions ignoring the fact that the source of investment is itself proved as the property is duly appearing in the balance sheet under the head "Fixed Assets".

3. Because the Ld. CIT(A) has wrongly and arbitrarily confirmed the disallowance of deduction claimed u/s 80 C made by the Assessing Officer ignoring schedule "A" of the audited balance sheet (proprietor capital account) in which the amount of LIP and Tution Fees Paid is duly accounted for.

4. Because considering the facts of the case all the additions deserves to be deleted. The Ld. CIT(A) should have deleted all the additions instead of confirming the same.

5. Because the appellant be allowed to file the documentary evidences in support of the grounds of appeal and the additions made. The documentary evidences shall be part of audited balance sheet already filed before Id. CIT(A)

6. Because the assessee craves to add, alter, amend all or any of the grounds of appeal before or at the time of hearing.”

3. A perusal of the orders of authorities below reveal that in reassessment proceedings u/s. 147, addition was made to the income of the assessee on account of investment made in fixed assets amounting in all to Rs.15,45,867/- during the year. The Assessing Officer had reopened the case of the assessee on the basis of information in his possession that the assessee had purchased immovable property during the year of Rs.3,02,166/- and in the absence of any details of its PAN and ITR, reassessment proceedings were initiated by issuing notice u/s. 148 of the Act.

4. During the reassessment proceedings, the assessee furnished necessary details including copy of audit report, profit & loss account and balance sheet. From the balance sheet, the Assessing Officer noted the assessee to have made investment of Rs.15,45,867/- in fixed assets. In the absence of any explanation of the sources of investment made in immovable property of Rs.3,02,166, the Assessing Officer added the same to the income of the assessee. Further, after reducing this addition made to the income of the assessee from the total amount invested in the fixed assets during the year of Rs.15,45,867/-, the Assessing Officer added balance amount of investment in fixed assets of Rs.12,43,701/- to the income of the assessee in the absence of any explanation of the source of the same. Thus, entire amount invested in the fixed assets during the year was added to the income of the assessee on account of source of investment remained undisclosed. This is the major addition made in the case of the assessee and the same was confirmed by the Id. CIT(Appeals).

5. We do not find any merit in the impugned addition made. Undisputedly, it is a fact on record that the entire amount of investment in fixed asset added to the income of the assessee of Rs.15,45,867/- stands reflected in its audited balance sheet. In fact the assessment order categorically notes the Assessing Officer to have taken up this fact

from the audited balance sheet of the assessee. Considering the same, there can be no case at all of the source of investment in the fixed assets remaining unexplained. Any person with slightest knowledge of accounting would understand that any figure disclosed in the financial results of the person are the figures duly accounted for in the books of the assessee. The balance sheet, more particularly, reflects all the assets of the person on one side and the source of the same on the other side. Therefore, there can be no case at all of any item reflected in the balance sheet of an assessee as being from undisclosed source. The act of the Assessing Officer in treating the investment in fixed assets reflected in the balance sheet of the assessee as from undisclosed source only shows the gross lack of knowledge of accounting on his part. We find the addition made in the case of the assessee on account of investment in fixed assets to be entirely without any basis and see no reason to confirm the order of Id. CIT(Appeals) upholding the addition made by the Assessing Officer. The addition made on account of investment in fixed asset of Rs.3,02,166/- and Rs.12,43,701/- total Rs.15,45,867/- is directed to be deleted.

6. As far as grounds raised by the assessee regarding denial of deduction u/s. 80C amounting to Rs.1,00,000/- on account of non-substantiation of the same, Id. Counsel pointed out that this investment

was also reflected in its audited statements. In the light of the same, for the reasoning mentioned in our order above while deleting the addition made on account of investment in fixed asset, we do not find any merit in the disallowance made of deduction u/s. 80C of the Act of Rs.1,00,000/- and direct the Assessing Officer to allow the assessee its claim of deduction u/s. 80C of the Act.

7. Appeal of the assessee accordingly stands allowed in the above terms.

Order pronounced in the open court on 16.04.2025.

**Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER**

**Sd/-
(ANNAPURNA GUPTA)
ACCOUNTANT MEMBER**

Dated: 16.04.2025

*aks/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, Agra