

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI**

श्री एबी टी. वर्की, न्यायिक सदस्य एवं
श्री जगदीश, लेखा सदस्य के समक्ष

**BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.175/Chny/2025
निर्धारणवर्ष/Assessment Year: 2018-19

Mr. Krishnamurthy Venkatakrishnan, Plot No.21, Door No.8, 14 th Street Tansi Nagar, Velachery, Chennai-600 042.	v.	The ITO, NCW-19(6), Chennai.
[PAN: ANRPK 6578 M]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Mr.Girish Kumar, Advocate
प्रत्यर्थी की ओर से /Respondent by	:	Ms.Anitha, Addl.CIT
सुनवाईकीतारीख/Date of Hearing	:	18.03.2025
घोषणाकीतारीख /Date of Pronouncement	:	05.05.2025

आदेश / ORDER

PER ABY T. VARKEY, JM:

This is an appeal preferred by the assessee against the order of the Learned Commissioner of Income Tax (Appeals)/NFAC, (hereinafter referred to as "the Ld.CIT(A)"), Delhi, dated 18.12.2024 for the Assessment Year (hereinafter referred to as "AY") 2018-19.

2. The sole issue is against the action of the Ld.CIT(A) sustaining the addition of Rs.2,61,86,287/- being the presumed differential sum between the total cash deposits made by the assessee [Rs.27,42,15,415/-] and



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total sales reflecting in the P & L A/c [Rs.24,80,29,148/-] as unexplained credit u/s.68 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act').

3. The brief facts are that the assessee is an individual, engaged in the business of distributor of 'Airtel Easy Recharge & Airtel Dongle' to Retailers across Chennai under the name and style of 'Horizon Enterprises'. He was also acting as a 'Collection Agent' on behalf of the M/s.Janalakshmi Financial Services Ltd., which was in the business of providing funds to 'Small & Medium Scale Women Entrepreneurs'. The assessee had filed his return of income (RoI) on 09.11.2018 for AY 2018-19 declaring total income of Rs.7,84,620/- which was processed u/s.143(1) of the Act on 10.01.2019. Later, the RoI was selected for scrutiny for examining the cash deposits. The AO in this regard noted that assessee had deposited huge amount of cash to the tune of Rs.56,79,34, 215/- in two of his bank accounts [City Union Bank & Punjab National Bank] and it was confirmed by the assessee that Rs.27,42,15,415/- was from Airtel Easy Recharge sales collection; and Rs.31,77,19,002/- was funds collected from its customers of M/s.Janalakshmi Financial Services Ltd. Thus, total amount deposited was to the tune of Rs.59,19,34,417/-; and the AO is noted to have accepted the *nature and source* of the funds collected from M/s.Janalakshmi Financial Services Ltd., i.e. Rs.31,77,19,002/-. However, the AO noted



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from the P & L A/c of the assessee as on 31.03.2018 that the assessee has disclosed only total sales of Airtel Easy Recharge to the tune of Rs.24,80,29,148/- but has deposited more amount in his bank account. Therefore, he asked the assessee to reconcile the difference. Pursuant to it, the assessee submitted that the sales shown in the P & L A/c i.e. Rs.24,80,29,148/- includes (a) sales received directly deposited in bank (b) cash sales collected and deposited in bank and pointed out that on sale of Airtel Easy Recharge, GST collected has to be excluded and that GST collected during July, 2017 to March, 2018 was to the tune of Rs.3,02,87,108/- and he explained the difference to be because the GST collected was also deposited in the bank account along with sales amount. The AO didn't accept the assessee's explanation only on the ground that the assessee didn't file any GST Return to support his contention. Thus, the AO added the difference of Rs.2,61,86,267/- [Rs.27,42,15,415/- **minus** Rs.24,80,29,148/-] as not explained and treated it as unexplained cash deposits in the bank account. On appeal, the Ld.CIT(A) confirmed the action of the AO.

4. Aggrieved by the aforesaid action of the Ld.CIT(A), the assessee is before us.

5. We have heard both the parties and perused the material available on record. The aforesaid facts are not disputed and hence, the same are



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not repeated for the sake of brevity. The only issue is regarding the addition of Rs.2,61,86,267/- u/s.68 of the Act. In this regard, we note that the assessee has brought to the notice of the AO that the gross Airtel Easy Recharge sales collected in cash to the tune of Rs.27,42,15,415/- and deposited the same in the bank which amount includes GST collected on such sales between July, 2017 to March, 2018. The assessee explained that the gross turnover shown in the P & L A/c was Rs.24,80,29,148/- which includes (a) sales received directly in bank (b) cash sales collected and deposited in bank and excludes GST collected on such sales; and submitted that the GST collected during July, 2017 to March, 2018 was to the tune of Rs.3,02,87,108/-. However, the assessee is noted to have not produced the GST return, hence the AO didn't accept the assessee's assertion that the difference of Rs.2,61,86,267/- was out of the GST collected. Therefore, the AO was pleased to add the difference of Rs.2,61,86,267/- [Rs.27,42,15,415/- **minus** Rs.24,80,29,148/-] u/s.68 of the Act. Before us, the assessee has filed a copy of Form GSTR-9C of the assessee [M/s.Horizon Enterprises for FY 2017-18] and asserted that the alleged difference of Rs.2,61,86,287/- was GST collected on sale of recharge coupons. Since, we note that the AO has taken an adverse view against the assessee only because the assessee didn't file copy of GST Returns and since, the assessee has now produced the copy of the GST Return, which is crucial evidence to explain the difference of



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Mr. Krishnamurthy Venkatakrisnan

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Rs.2,61,86,287/-, we set aside the impugned order of the Ld.CIT(A) and restore this issue to the file of the JAO for the limited purpose to examine the GST return and if the contention of the assessee is correct, then the AO may delete the addition; and in the event, if assessee fails to do so, pass appropriate orders in accordance to law. Assessee is directed to be diligent and file GST returns for relevant assessment year without fail before the JAO and the JAO to pass order after hearing the assessee in accordance to law.

6. In the result, appeal filed by the assessee is allowed for statistical purposes.

Order pronounced on the 05th day of May, 2025, in Chennai.

Sd/-

(जगदीश)

(JAGADISH)

लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-

(एबी टी. वर्की)

(ABY T. VARKEY)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 05th May, 2025.

TLN

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीय प्रतिनिधि/DR
5. गार्डफाईल/GF