

**IN THE INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH 'SMC': AGRA**

**BEFORE
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA No.114/AGR/2025
(ASSESSMENT YEAR: 2017-18)

Shashi Kant, Hardev Ganj Kosi Kalan, Mathura, Uttar Pradesh-281403 PAN-AGHPK0948G (Appellant)	Vs.	Income Tax Officer, 1(3)(4) Mathura. (Respondent)
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Assessee by	Shri Rajendra Sharma, Adv. and Shri Manju Sharma, Adv.	
Department by	Shri Shailendra Srivastava, CIT-DR	
Date of Hearing	19/05/2025	
Date of Pronouncement	24/06/2025	

ORDER

PER MANISH AGARWAL, AM:

This appeal is filed by the assessee against the order of the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A) in short] in Appeal No. CIT(Appeals)-1, Agra/10509/2019-20 dated 24.09.2024 u/s 250 of the Income Tax Act, 1961 ('the Act' in short) arising out of the order passed u/s 143(3) of the Act dated 18.12.2022.

2. Brief facts of the case are that assessee filed his return of income on 06.01.2018 declaring total income at Rs.2,94,500/-. The case of the assessee was selected for scrutiny under CASS for the reason large cash deposits during the demonetization period and business return filed for the first time. The assessee is an advocate by profession and declared income from profession. When the assessee was asked to explain the source of the cash deposit of Rs.25,60,000/- in his bank account during the period of demonetization in specified bank notes (SBN), it was explained by the assessee that his father Sh. Karan Singh Sagar is very old and is proprietor of M/s Hari Ram Motilal Service Station and due to old age of his father, the assessee along with his brother is looking after day to day activity of the pump. It is further submitted by the assessee that in 2011 the Syndicate Bank had started charging Rs.300/- per lac of each cash transaction as cash handling charges on current account, therefore, to avoid such charges, the assessee and his another brother opened current accounts in their individual names in the same branch of the Syndicate Bank where daily cash collection from the sale at the petrol pump was deposited and subsequently on same day through transfer entry, amounts were transferred to the bank of the firm, from where payments were made to the Hindustan Petroleum for purchase of petroleum products. The AO did not accept the submission of the assessee and made the addition of Rs.25,60,000/- being cash deposit in SBN during demonetization period. Against such order, the assessee has filed an appeal before

the Ld. CIT(A), who vide impugned order dated 24.09.2024 has dismissed the appeal of the assessee.

3. Aggrieved by the said order, the assessee is in appeal before the Tribunal by taking the following grounds of appeal:-

“1. That the order passed by the NFAC dated 24.09.2024 is bad in law being not passed in accordance with the provisions of Section 250(6) of the Income Tax Act, the appellate order passed is liable to be set aside.

2. That the provisions of Section 69A of the Income Tax Act are not attracted in the case of assessee, the addition made invoking the provisions of Section 69A of the Income Tax Act by the AO, sustained by the NFAC is not called for, same is liable to be deleted.

3. That while sustaining the addition, as made by the AO, the NFAC has completely ignored that the assessee has duly filed the detailed explanation before the authorities below explaining the deposit made in the bank account, the addition made by the AO, sustained by the NIAC is highly unjustified and is against law, liable to be deleted.

4. That the deposit in the bank account represents the sales of the petrol pump M/s Hari Ram Moti Lal Petrol Pump, proprietor Karan Singh Sagar, assessee's father, the assessee was looking after the petrol pump and the sales are deposited with the bank account which immediately are transferred to the account of the petrol pump. The authorities below have ignored the aforesaid facts, no addition is liable to be made, addition made by the AO, sustained by the NFAC is liable to be deleted.

5. That the appellate order passed by the NFAC dated 24.09.2024 under Section 250 of the Income Tax Act is bad in law.”

Before the Ld. AR of the assessee reiterated the same facts as were submitted before the lower authorities and in addition to the submissions made had filed an affidavit of the father of the assessee reaffirming the facts as narrated above. The Ld. AR also filed detailed submission which is placed on record wherein the assessee explained the circumstances under which the bank account of the assessee was used to make deposit of daily cash collection of the petrol pump

owned by proprietorship firm of father of the assessee and thereafter the funds got transferred to bank account of the firm.

4. Ld. AR further drew our attention to the copy of the bank statements of the assessee and of the firm M/s Hari Ram Moti Lal Service Station and submits that there were cash deposit on daily basis which were immediately transferred to the bank account of firm M/s Hari Ram Moti Lal Service Station. He further submitted that similar activity was carried out in the bank account of the brother of the assessee also. He further submitted that the amounts transferred in the bank account of the firm were utilized for making payments to the petroleum company for purchases of petroleum products which is verifiable from the bank statements itself. It is further submitted by Ld. AR that in terms of RBI Circular during the period of demonization, petrol pumps were under exempted category who were allowed to accept old currency notes of Rs.500/- and Rs.1000/-. He further submitted that it is a known fact that during demonetization people used to pay in old currency notes against the purchases of petroleum products. The Ld. AR thus, submitted that the sources of the cash deposits in SBN was duly explained, therefore, the addition made and uphold deserves to be deleted.

5. On the other hand, the Sr. DR vehemently supported the orders of the lower authorities and submitted that the assessee has failed to file any evidence in support of the contentions and, therefore, he requested for confirmation of the orders of the lower authorities.

6. We have heard the rival submissions and perused the materials available on record. In this case, since beginning of the proceedings, it was contended by the assessee that his father Sh. Karan Singh Sagar was very old (around 80 years of age) and proprietor to M/s. Hari Ram Moti Lal Service Station which is engaged in the business of trading of petroleum products. The assessee is looking after day to day business affair of the petrol pump and due to the heavy charges levied by the banker on cash transactions in current account of the firm, it was decided to open current accounts in the name of the assessee and his brother where daily cash sales of the petrol pump was deposited and immediately the funds were transferred to the current account firm M/s Hari Ram Moti Lal Service Station. On perusal of the bank statements of the assessee and of the firm as available in paper book, we find that the contention of the assessee appears to be correct. Assessee is able to demonstrate that cash of around Rs.1,00,000/- was deposited on regular basis in the bank accounts of the assessee and his brother and on the very same day there were transfer entry of the same amount to the bank account of the firm M/s Hari Ram Moti Lal Service Station. Further from the perusal of the bank statements of the firm of M/s Hari Ram Moti Lal Service Station it is seen that the amount transferred from the assessee's bank account were duly credited and thereafter these funds were utilized for making payments to M/s Hindustan Petroleum towards the purchases of petroleum products. The assessee in support of this claim had also filed an affidavit of his father before the lower authorities. Neither the AO nor the Ld. CIT(A)

has taken pain to verify these facts from the bank accounts nor any effort was made to examine the books of accounts of the firm M/s Hari Ram Moti Lal Service Station where such cash sales were recorded.

7. As the assessee has demonstrated that the cash deposited in SBN during period of demonetization was actually pertained to the proprietary firm of his father where the SBN were received against the sale of petroleum products which were permitted by the RBI and, therefore, the sources in the hands of the assessee stood explained.

8. In view of the above discussion, in our considered opinion, no addition could be made in the hands of the assessee towards the cash deposited during demonetization in SBN in his bank account. Accordingly, the addition of Rs.26,50,000/- is hereby deleted. All the grounds of the appeal of the assessee are allowed.

9. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 24.06.2025.

Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Dated: 24.06.2025

PK/Sr. Ps

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR