

**IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

ITA No.547/Ahd/2025
(Assessment Year: 2017-18)

Nikunj Kumar Narbheram Thakkar, 53, Nandanvan Bungalows, Besides Bhabhar Tran Rasta, Radhanpur, Tal. Radhanpur, Radhanpur Dist. Patan [PAN :AGJPT 8348 K]	Vs.	The Income Tax Officer, Ward 3, Patan (Present jurisdiction ITO, Ward 1, Patan)
(Appellant)	..	(Respondent)

Appellant by :	Shri Sulabh Padshah, AR
Respondent by:	Shri Prateek Sharma, Sr DR
Date of Hearing	06.08.2025
Date of Pronouncement	25.08.2025

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal has been filed by the Assessee against the order passed by the Ld. ADDL/JCIT(A), Panchkula (hereinafter referred to as "CIT(A)" for short) dated 10.01.2025 passed under Section 250 of the Income-tax Act, 1961 [hereinafter referred to as "the Act" for short], for Assessment Year (AY) 2017-18.

2. The assessee has raised the following grounds of appeal:-

"1. The Ld. AO has erred in making addition of Rs 12,52,589/- determining income @ 8% of Rs. 1,56,57,359/- considering it as Undisclosed sales/receipt of Appellant. It is submitted that the case was selected for Limited Scrutiny Assessment on issue of verification of cash deposits and therefore the addition made on some different footing is completely out of scope and beyond jurisdiction of Limited Scrutiny Assessment. On facts circumstances of the case, the order passed by AO is incorrect and deserves to be quashed and addition made of Rs 12,52,589/-be deleted in interest of justice. The same please be held accordingly.

- 2 -

2. *The Learned CIT (Appeals) has erred in confirming addition of Rs 12,52,589/- ignoring facts and circumstances of case. It is submitted that the necessary details and explanations were filed during assessment proceeding, could not be filed before CIT(A) because of ex-parte order passed. In view of this, it is prayed before your honour that Learned CIT (Appeals) may please be directed to hear the appellant again along with all the details and evidences available and the addition made of Rs 12,52,589/- be deleted. The same be held accordingly.*

3. *The lower authorities has erred in considering Rs. 1,56,57,359/- as Undisclosed sales/receipt of Appellant for the year completely ignoring the submission filed by the Appellant during assessment proceeding. It is respectfully submitted that the amount of Rs.1,56,57,359/- is not at all undisclosed sales/receipt of the Appellant. Thus the entire addition made considering Rs.1,56,57,359/- as Undisclosed sales/receipt of Appellant for the year is completely illegal and unjustifiable and the same be deleted accordingly.*

4. *The Ld. Assessing Officer has erred in charging interest u/s 234A/234B/234C of the I.T. Act. It is submitted that looking to the facts and circumstances of the case, no interest is chargeable and therefore the incorrect interest charged u/s 234A/234B/234C of the I.T. Act be deleted."*

3. In this case, the assessee is engaged in the wholesale & retail trading business of Charcoal at Radhanpur. The assessee has filed his return of income for the year under consideration on 28.10.2017, declaring total income at Rs.2,96,940/-. **The case of the assessee was selected under CASS as Limited Scrutiny with reason to verify cash deposit during the year.** During the course of assessment proceedings, on verification of the bank book of the assessee, it was noticed by the Assessing Officer that the assessee has shown total credit of Rs.2,22,07,784/- in his bank account maintained with Bank of Baroda, whereas as per Trading Account, his total sales during the year was Rs.65,50,425/-; hence, there is a difference of Rs.1,54,57,359/- between assessee's bank book and sales/turnover during the year under consideration. Accordingly, the Assessing Officer treated the said amount as undisclosed turnover and computed income @ 8% thereon, resulting in an addition of Rs.12,52,589/-.

- 3-

4. Aggrieved by the order of the Assessing Officer, the assessee filed appeal before the Ld. CIT(A) and the Ld. CIT(A), in an *ex-parte* order, upheld the addition.

5. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

6. We have heard the rival contentions and perused the material available on record. The total cash deposits were to the tune of Rs.43.72 lakhs. Further, we find that the assessee had filed an explanation regarding the cash deposits during the assessment proceedings. There is no finding in the assessment order that such explanation was found to be incorrect or false. The sources have been proved and Assessing Officer made no addition on account of cash deposits. It is evident from the assessment records that the case was selected for Limited Scrutiny, specifically for the purpose of verifying cash deposits; therefore, the Assessing Officer was not empowered to travel beyond the limited scope of scrutiny unless prior approval was obtained from the competent authority to convert the case into Complete Scrutiny. No such approval has been brought on record. Since the Assessing Officer travelled beyond the issue of Limited Scrutiny without the much-needed approval of the PCIT, we hold that the addition made in the assessment order cannot be sustained.

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

The order is pronounced in the open Court on 25.08.2025

Sd/-

**(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER**

Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

Ahmedabad; Dated 25.08.2025

*btk

- 4 -

आदेश की प्रतिलिपि ँ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

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सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad