

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH :: COCHIN**

**BEFORE SHRI INTURI RAMA RAO, AM&
SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER**

**ITA No. 574/Coch/2025
Assessment Year: 2017-18**

Pappadiyil Brothers, Appellant
General Merchants,
Market Road, Kayamkulam,
Alappuzha, Kerala-690502.
[PAN: AAOFP 5348 N]

vs.

Income Tax Officer, Respondent
Ward-3, Alappuzha.

Appellant by: Shri R. Krishnan, CA
Respondent by: Smt. Leena Lal, Sr. DR

Date of Hearing: 22.08.2025
Date of Pronouncement: 26.08.2025

ORDER

Per Inturi Rama Rao, AM:

This is an appeal filed by the assessee-firm directed against the order passed by the learned Commissioner of Income Tax (Appeals)/NFAC, Delhi [for short, 'CIT(A)'], dated 13.06.2025 u/s. 250 of the Income Tax Act, 1961 (for short, 'the Act') for Assessment Year (AY) 2017-18.

2. Brief facts of the case are that the appellant is a partnership firm, engaged in the business of wholesale and retail dealer in the grocery provisions. The return of income for the A.Y. 2017-18 was filed on 01/11/2017 disclosing total income of Rs. 18,02,670/-

.Against the said return of income, the assessment was completed by the AO vide order dated 30/12/2019 passed under section 143(3) of the Act at a total income of Rs. 1,00,36,450/-. While doing so, the AO made addition of Rs. 64,98,000/- being the cash deposits in specified bank notes (SBNs) during the demonetization period and also made addition of Rs. 17,35,780/- under section 40A(3) of the Act.

3. Being aggrieved by the assessment order, an appeal was filed by the appellant before the Ld. CIT(A), who vide impugned order, deleted the addition on account of cash deposits made during demonetization period of Rs. 64,98,000/-, however, confirmed the addition of Rs. 17,35,780/- under section 40A(3) of the Act.

4. Being aggrieved, the appellant is in appeal before us challenging the findings of Ld.CIT(A)confirming the addition made under section 40A(3) of the Act of Rs. 17,35,780/-. It is submitted that some of the cash payments exceeding Rs. 20,000/- were made on the days falling on Sundays and public holidays and covered by the exceptions enumerated under the provisions of Rule 6DD of the Rules and, therefore matter may be remanded to the file of the AO to re-examine the issue of addition u/s. 40A(3) of the Act.

5. On the other hand, ld. Sr.DR has no serious objection to remand the matter to the file of AO for fresh examination and verification of the cash payments made on Sundays and public holidays.

6. Considering the rival submissions, we remand the matter back to the file of AO with a direction to exclude the cash payments made on Sundays and public holidays, out of the purview of the provisions of section 40A(3) of the Act, after due verification. Thus, the grounds of appeal raised by the appellant stand partly allowed for statistical purposes.

7. In the result, appeal filed by the assessee stands partly allowed for statistical purposes.

Order pronounced in open Court on 26th August, 2025.

Sd/-
(RAHUL CHAUDHARY)
JUDICIAL MEMBER

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 26th August, 2025

vr/-

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar
ITAT, Cochin