

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH : BANGALORE**

BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT
AND
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER

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| ITA No. 217/Bang/2025 |
| Assessment year : 2018-19 |

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| Settyhalli Venkataramappa Venkateshappa, No.32, Shettyhalli, Tekal Post. Malur Taluk. Kolar Dist. 563 137. PAN: AITPV 5880A | Vs. | The Income Tax Officer, Ward 1, Kolar. |
| APPELLANT | | RESPONDENT |

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| Appellant by | : | Shri R. Chandrashekar, Advocate |
| Respondent by | : | Shri Thamba Mahendra, Jt.CIT(DR)(ITAT), Bengaluru. |

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| Date of hearing | : | 24.07.2025 |
| Date of Pronouncement | : | 28.08.2025 |

ORDER

Per Prashant Maharishi, Vice President

1. This appeal is filed by Settyhalli Venkataramappa Venkateshappa (the assessee/appellant) for the assessment year 2018-19 against the appellate order passed by the National Faceless Appeal Centre, Delhi (NFAC) [Id. CIT(A)] dated 31.7.2024 wherein the appeal filed by the assessee against the assessment order passed u/s. 143(3) of the Income-tax Act, 1961 [the Act] dated 9.6.2021 by the ITO, KAR-W-(126)(93), Karnataka [Id. AO] was dismissed for want of prosecution and non-furnishing of detail by the

assessee. The assessee is aggrieved with the same and is in appeal before us.

2. The assessee filed income tax return on 30.10.2018 at a total income of Rs.5,09,880 which was selected for complete scrutiny by issue of notice u/s. 143(2) on 23.9.2019. During the assessment proceedings several notices were issued to the assessee, but assessee only furnished financials and bank statement. The data were collected by issue of notice u/s. 133(6) of the Act to the SBI and Axis Bank asking for the bank statement of the assessee for the relevant period. SBI sent bank statement to the AO, but Axis Bank did not furnish. Subsequently the assessee furnished the bank statement. It was found that assessee has reported sales at Rs.267,54,183, but cash deposit during the year in its bank account was Rs.402,70,610. The assessee was asked to reconcile the difference and why same should not be treated as unexplained cash credit u/s. 68 of the Act. No reply was filed by the assessee and therefore the Id.AO made addition of Rs.135,16,427 as unexplained cash credit u/s. 68 of the Act and assessed total income of assessee at Rs.140,26,317 by order dated 9.6.2021.

3. Assessee preferred appeal before the CIT(A). It was noted by the Id. CIT(A) that 4 notices were issued to the assessee, however none of them were replied to and therefore appeal filed by the assessee was dismissed for non-prosecution as well as merits as no further information was available. Assessee aggrieved with the appellate order preferred appeal before us.

4. During the appellate proceedings before us assessee submitted audited statements and copy of Form 26AS. It was contended that assessee is engaged in the sale of vegetables and during the year sale of

vegetables is Rs.267,54,183. As per balance sheet, bank account of SBI and Axis Bank are tallied. Therefore it was submitted that the amount of deposit made in the bank account of the assessee in cash is out of sale of vegetables and recovery from receivables. It was stated that as on 31.3.2018 also, the assessee receivables are Rs.6,27,341 and it was submitted that the accounts of assessee are audited u/s. 44AB of the Act. There is no adverse point mentioned by the Auditor. It was further stated that the cash deposit in the bank account is from regular books of account and none of the amount deposited in the bank account is unaccounted income of the assessee. It was submitted that Form 26AS shows several entries of cash deposited in the same bank accounts. He referred to the details of SFT transaction where there are more than 20 entries, whereas he only maintains two accounts with Axis Bank and one account with SBI. He therefore submitted that when assessee has submitted the bank accounts to the AO, the cash deposit therein is duly reconciled with the books of account. Therefore addition made is unwarranted.

5. The ld. DR vehemently supported the order of the ld. lower authorities and stated that assessee is completely non-compliant before the lower authorities and therefore it has resulted into addition. Had the assessee reconciled the above sum with its books of account, the addition would not have been made. He submitted that the AO has found difference between the turnover of the assessee and cash deposit and therefore it resulted into addition.

6. We have carefully considered the rival contentions and perused the orders of the ld. lower authorities. The addition of Rs.1,35 crores has been made in the hands of assessee for the reason that according to the AO, turnover of the assessee is merely Rs.2.67 crores, however as per Form

26AS cash deposit during the year in his bank accounts is Rs.402,70,610. This has resulted into a difference of Rs.135,16,427. We have perused Form 26AS also. We find that there are multiple entries with respect to the same bank account and amount deposited is reported multiple times. We find that Form 26AS shows 20 entries of Axis Bank and only one entry with respect to SBI. The assessee says that it has maintained two accounts with Axis Bank and only one account with SBI. We do not find that sum of Rs.402.70,610 is mentioned anywhere in Form 26AS. The total of 20 entries is much higher than this. Therefore it is not available that how the ld. AO has reached to the above figure of Rs.402,70,610. Ld. DR also could not show us that. Though the assessee has submitted the bank accounts of SBI & Axis Bank, but it is also not mentioned what is the amount deposited in cash in SBI and in Axis Bank. The AO has merely compared the turnover of the assessee with the amount of cash deposit. It is not necessary that amount of cash deposit should exactly be the same amount as shown in sales by the assessee. There may be realisation from debtors and there may be deposits and payments to the farmers. Therefore the exact cash deposit and its availability should have been looked into by verification of books of account. The assessee also did not produce any material except the bank account and before the ld. CIT(A) it remained non-compliant. Therefore because of the assessee as necessary details were not submitted before the lower authorities, it has resulted into addition. In view of the above facts, we restore the whole appeal back to the file of the ld.AO with a direction to the assessee to produce the books of account and also reconcile it with day to day cash deposit in Axis Bank account and SBI Bank account of the assessee. The ld. AO may verify the same and then decide the issue in accordance with law after giving the assessee opportunity of hearing.

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

Pronounced in the open court on this 28th day of August, 2025.

Sd/-

(SOUNDARARAJAN K.)
JUDICIAL MEMBER

Sd/-

(PRASHANT MAHARISHI)
VICE PRESIDENT

Bangalore,

Dated, the 28th August, 2025.

/Desai S Murthy /

Copy to:

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar
ITAT, Bangalore.