

IN THE INCOME TAX APPELLATE TRIBUNAL, DIVISION BENCH, JODHPUR

HEARING THROUGH: VIRTUAL MODE

BEFORE: SHRI. LALIET KUMAR, JM & DR. MITHA LAL MEENA, AM

ITA No. 164/Jodh/ 2024
Assessment Year : 2017-18

Pannu Bhansali E-25, Shastri Nagar, Jodhpur Rajasthan-342003	Vs.	The Asst. CIT Circle-1, Jodhpur
PAN NO: AFIPB4287M		
Appellant		Respondent

Assessee by : Shri Amit Kothari, C.A
Revenue by : Smt. Anuradha, Addl. CIT DR
Date of Hearing : 30/07/2025
Date of Pronouncement : 18/08/2025

आदेश/Order

PER LALIET KUMAR, J.M:

This appeal has been preferred by the assessee against the order 01/03/2024 passed by the Ld. CIT(A), Jaipur-5, pertaining to the assessment year 2017-18.

2. In the present appeal Assessee has raised the following grounds:

- 1. The Ld. CIT(A) has erred in law as well as on facts in sustaining the addition of Rs. 2,35,71,000/- on account of amount deposited in bank account. The addition so sustained is bad in law and bad on facts.*
- 2. The Ld. CIT(A) has erred in sustaining the addition of Rs. 5,80,000/- for alleged unexplained money. The addition so made is bad in law and bad on facts. The reliance placed on material gathered behind the back of the assesses without confronting the same is bad in law and bad on facts.*
- 3. The appellant craves liberty to add, alter, amend or vary from the above the above grounds of appeal at or before the time of hearing.*

3. The brief facts of the case are that the assessee, Ms. Pannu Bhansali, is engaged in the business of jewellery trading through her proprietorship concern under the name and style of "M/s Gems and Jewels Palace." For the assessment year under consideration, the assessee filed her return of income declaring total income of Rs.53,21,050/-. The return was selected for complete scrutiny under the Computer Aided Scrutiny Selection (CASS) mechanism. Statutory notices under sections 143(2) and

142(1) of the Act were issued by the Assessing Officer. However, there was no compliance from the assessee's side as she failed to produce the required records, namely, the cash book, sale register, and stock register, despite repeated opportunities.

4. In view of the non-compliance, the assessment was completed ex parte under section 144 of the Act on the basis of material available on record. It was noted by the Assessing Officer that during the demonetization period (09.11.2016 to 31.12.2016), the assessee had deposited cash aggregating to Rs.2,40,00,000/- in her bank accounts, which included Rs.1,80,00,000/- in ICICI Bank and Rs.60,00,000/- in HDFC Bank. The assessee claimed that these deposits were sourced from cash sales made in October 2016, prior to the announcement of demonetization. However, she failed to substantiate the same with supporting documents such as sale invoices, customer-wise details, or stock movement records.

4.1 It was further observed by the Assessing Officer that the average monthly cash sales of the assessee in earlier months were approximately Rs.5,00,000/- only, whereas in the month of October 2016 alone, the assessee had declared cash sales amounting to Rs.2,25,06,594/-. In addition, it was noted that no cash purchases were recorded, the average cash balance in other months was Rs.4,29,000/-, and the claimed cash-in-hand of Rs.2.19 crores as on 31.10.2016 was wholly disproportionate and unexplained. Consequently, the books of account were rejected under section 145(3) of the Act and, after allowing credit of average monthly cash of Rs.4,29,000/-, the balance amount of Rs.2,35,71,000/- was treated as unexplained money under section 69A of the Act and taxed under section 115BBE.

5. Being aggrieved by the order of the Assessing Officer, the assessee preferred an appeal before the Ld. CIT(A). The Ld. CIT(A), after considering the submissions and material placed on record, confirmed the assessment. The Ld. CIT(A) observed that the assessee failed to furnish credible and contemporaneous documentary evidence to substantiate the sudden and disproportionate surge in cash sales in October 2016. It was held that there was no regular or historical pattern to justify the claim of high cash-in-hand. Moreover, the absence of customer-wise details and stock movement records further weakened the assessee's explanation. In respect of the evidence relating to the

ABIL Group, the Ld. CIT(A) recorded that the assessee had failed to offer any plausible rebuttal to the noting "5.8" against her name despite an opportunity being granted, and hence the addition of Rs.5,80,000/- was held to be justified. The Ld. CIT(A), accordingly, confirmed the total addition of Rs.2,41,51,000/- under section 69A of the Act and upheld the assessment.

6. The assessee, being aggrieved by the said order, has come in further appeal before us on the grounds mentioned in the appeal.

7. During the course of hearing the Ld. AR submitted that the cash sales declared by the assessee for October 2016 were duly recorded in the audited books of account and the resultant profit thereon was already offered to tax. It was submitted that by again taxing the cash deposit as unexplained money under section 69A, the Department had effectively taxed the same income twice. In support of this contention, reliance was placed on several decisions of the Coordinate Benches of the Tribunal, including those rendered in identical factual matrices, wherein similar additions were deleted. The Ld. AR also contended that the high sales during October 2016 were due to the Diwali festival season, during which jewellery businesses typically experience a significant increase in turnover.

7.1 It was further submitted that though the assessee could not actively participate in the assessment and appellate proceedings due to circumstances beyond her control, as there was marriage in the family and the assessee being the female entrepreneur was not exposed to the tax litigation and nuances thereof. It was submitted that the requisite books of account and records were duly maintained and are available. The Ld. AR alternatively prayed that one final opportunity may be granted to the assessee to produce supporting documents before the Assessing Officer to substantiate her claim regarding cash sales and related cash deposits.

8. The Ld. DR, on the other hand, supported the orders of the lower authorities and submitted that the assessee had failed to discharge her burden of proof either during the assessment or appellate stages. It was contended that no party-wise sales register, no customer details, and no stock movement reconciliation had been provided by the

assessee, and thus the addition made under section 69A was in accordance with law and warranted no interference.

9. We have heard the rival submissions and perused the record. It is not in dispute that the additions were made by the Assessing Officer primarily on the ground that the assessee failed to substantiate the spike in cash sales recorded during October 2016, which formed the basis for cash deposits post demonetization. It is also not in dispute that the assessee failed to furnish the requisite books and supporting records during the course of assessment and appellate proceedings. However, the assessee has consistently claimed that the books of account are duly audited and available and that the sales were part of regular business transactions.

9.1 Having regard to the totality of the facts and circumstances, more particularly the assessee being the female entrepreneur and was not exposed to the tax compliances and litigation, we are of the considered opinion that the assessee deserves one final opportunity to substantiate her claim. The law is well settled that no addition should be made without affording adequate opportunity of hearing and complying with the principles of natural justice. The assessee's claim that the spike in sales was due to the Diwali season, a known period of increased jewellery purchases, cannot be outrightly rejected without verification.

9.2 In view of the above discussion, we deem it appropriate to set aside the impugned order passed by the Ld. CIT(A) and restore the matter to the file of the Assessing Officer for de novo adjudication. The Assessing Officer shall examine the issue afresh after affording reasonable and adequate opportunity to the assessee to furnish all relevant documents in support of her case. The assessee is directed to cooperate with the proceedings and to file all requisite details, including party-wise sales registers, stock movement registers, and books of account, without seeking unwarranted adjournments.

9.3 It is made clear that we have not expressed any opinion on the merits of the case and all issues are left open for adjudication by the Assessing Officer in accordance with law.

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

(Order pronounced in the open Court on 18/08/2025)

Sd/-
(DR. MITHA LAL MEENA)
ACCOUNTANT MEMBER
AG

Sd/-
(LALIET KUMAR)
JUDICIAL MEMBER

Copy of the order forwarded to :

1. The Appellant
2. The Respondent
3. CIT
4. The CIT(A)
5. DR, ITAT, JODHPUR
6. Guard File

अदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar