

IN THE INCOMETAX APPELLATE TRIBUNAL
COCHIN BENCH

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND SHRI SONJOY SARMA, JUDICIAL MEMBER

I.T.A. Nos.604&608/COCH/2024

Assessment Years: 2017-18

ITO, WARD 1, TPS, ALUVA.....Appellant

vs.

Cijo Joseph.....Respondent

2nd Floor, Kap complex,

R S Road, Aluva, Kerala – 683101.

[PAN: AMOPJ1993K]

Appearances by:

Smt. Leena Lal, Snr. AR appeared on behalf of the assessee.

Smt. Parvathy Ammal, CA, appeared on behalf of the Revenue.

Date of concluding the hearing: June10, 2025

Date of pronouncing the order: August 19, 2025

ORDER

Per Sonjoy Sarma, Judicial Member:

Both the above appeals relate to the same assessee and the same assessment year. ITA No. 604/Coch/2024 is against the order of the CIT(A) dated 29.03.2024 in respect of the assessment order passed under section 143(3) of the Income-tax Act, 1961. ITA No. 608/Coch/2024 is against the order of the CIT(A) dated 29.03.2024 relating to a reassessment order passed under section 143(3) read with section 263 pursuant to the directions of the PCIT in revisionary proceedings. Since the issues are interlinked, both appeals are heard together and disposed of by this common order. First we take up ITA No. 604/Coch/2024.

2. In both the appeals, there were delays of 29 days in filing the appeals. The assessee filed condonation petitions explaining the reasons for such delays. After examining the submissions and being satisfied

with the justifications provided, we condone the delay and admit the appeals for adjudication on merits.

3. ITA No. 604/Coch/2024 - Brief facts of the case are that the assessee is engaged in the business of distribution of LPG cylinders and allied products. For A.Y. 2017-18, assessee filed its return declaring an income of Rs. 41,87,750. The case of the assessee was selected for scrutiny, and notices under sections 143(2) and 142(1) were issued.

4. During assessment proceeding, the AO noted that the assessee had made cash deposits of Rs. 1,16,42,000 during the demonetisation period. The assessee was called upon to explain the source. Assessee complied to the notices however AO did not satisfy with the explanation of the assessee, the AO treated entire cash deposit amounting to Rs. 1,16,42,000 as unexplained money under section 69A of the act. The Assessing Officer made further additions as under:

Unexplained capital introduction – Rs. 16,60,478

Unexplained cash credit – Rs. 1,09,843

The AO finally completed the assessment on 12.12.2019 determining total income at Rs. 1,76,05,771.

5. Aggrieved by the above order assessee went in appeal before the learned CIT(A), where the assessee contended that being an LPG distributor for BPCL, it was permitted under RBI vide Circular dated 09.11.2016 to accept Specified Bank Notes during the demonetisation period. The nature of the business involved substantial cash sales, and the sales proceeds were duly recorded in the books and deposited in the bank. Moreover, BPCL monitored stock and sales, leaving no scope for manipulation. The cash deposits corresponded with recorded sales, and no inconsistencies were found in the books. Since section 69A of the Act applies only where the amount is not recorded in the books, therefore learned CIT(A) viewed that the addition was not sustainable.

6. On the issue of the capital introduction of Rs. 16,60,478, the assessee explained that the amount of Rs. 10,00,000 – Drawn from partnership firm M/s CDS Ventures, Angamaly, Rs. 4,03,980 – Redemption of mutual fund units, Rs. 2,00,180 – received from Muthut Finance and Rs. 62,318 – Kuri amount. The learned CIT(A) found the sources duly explained with supporting evidence and deleted the additions. On the issue of addition of Rs.1,09,843/- as unexplained cash credit u/s 68 of the Act, the Id. CIT(A) found that the assessee filed submission online and the Assessing Officer did not look into the details submitted by the assessee and the Assessing Officer made the addition without backed by proper justification, therefore, the Id. CIT(A) deleted the addition of Rs.1,09,843/-.

7. Dissatisfied with the above order revenue is in appeal before this tribunal at the time of hearing the learned DR stated that impugned order passed by CIT(A) is bad in law and CIT did not call remand report under rule 46A of the act by allowing appeal of the assessee. Therefore the impugned order passed by CIT (A) needs to be set aside by upholding the order of the AO on the other hand learned AR supported the decision of the Ld. CIT (A).

8. We, after hearing the rival submission of the parties and perusing the material available on record, find that the cash deposits were fully accounted for and related to the assessee's regular business, which was regulated by BPCL and covered by RBI's circular, which is clearly reflected in his order. Similarly, issue relating to the capital introduction the assessee explained that the amount of Rs. 10,00,000 – Drawn from partnership firm M/s CDS Ventures, Angamaly, Rs. 4,03,980 – Redemption of mutual fund units, Rs. 2,00,180 – received from Muthut Finance and Rs. 62,318 – Kuri amount. The learned CIT(A) found the sources duly explained with supporting evidence and deleted the additions. When the issues involved in the appeal are supported by

documentary evidence. Therefore the additions under section 69A of the act on account of unexplained capital introduced as made by the Assessing Officer are unsustainable as the assessee furnished supporting documents in order to prove his case. Accordingly, the Revenue's appeal in ITA No. 604/Coch/2024 is dismissed.

9. ITA No. 608/Coch/2024 – In this appeal, the learned PCIT vide order dated 22.03.22 passed under section 263 of the Act had earlier revised the original assessment order dated 12.12.2019 passed under section 143(3) of the Act thereby directing the Assessing Officer to reframe the assessment. The Assessing Officer passed an order on 14.03.2023 making similar additions as was in the original assessment order dated 12.12.2019. Thereafter, the Ld. CIT(A) by order dated 29.03.2024 deleted the entire additions following his order in the appeal dated 29.03.2024 by setting aside the original assessment order dated 12.12.2019. Since the main additions have already been deleted in the connected appeal, therefore, the instant appeal filed by the Revenue does not survive. Accordingly, the Revenue's appeal in ITA No. 608/Coch/2024 is also dismissed.

10. In the result, both the appeals of the revenue are dismissed.

19th August, 2025

Sd/-

[Inturi Rama Rao]

लेखा सदस्य/Accountant Member

Dated: 19.08.2025

RS

Sd/-

[Sonjoy Sarma]

न्यायिक सदस्य/Judicial Member

Copy of the order forwarded to:

1. Appellant -
2. Respondent -`
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

Assistant Registrar/Sr. PS, Cochin Benches