

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

BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT

ITA No.1804/Bang/2025
Assessment year : 2017-18

Kodiyalam Floriculture private Limited 279 & 288 , 3rd Floor, Amar Jyothi Layout Koramangala inner Road Domlur Bengaluru 71 PAN: AABCK 4018Q	Vs.	The Income Tax Officer, Ward 4 (1) (2) , Bangalore.
APPELLANT		RESPONDENT

Appellant by	:	Shri T Srinivasa C A
Respondent by	:	Shri Ganesh R. Ghale, Standing Counsel for the Revenue.

Date of hearing	:	24.09.2025
Date of Pronouncement	:	30.09.2025

ORDER

1. This appeal is filed by Kodiyalam floriculture private limited (the assessee/appellant) for assessment year 2017 – 18 against the appellate order passed by the National faceless appeal Centre, Delhi (the learned CIT – A) dated 3 June 2025 wherein the appeal of the assessee against the assessment order passed under section 143 (3) of the income tax

act, 1961 (the act) dated 21 December 2019 by the income tax officer Ward 4 – 1- 2 Bangalore (the learned assessing officer) was partly allowed. The assessee is aggrieved and is in appeal before us.

2. The brief fact of the case is that assessee is engaged in the business of leasing of agricultural land and floriculture being cultivation and sale of flowers such as roses etc. Assessee filed its return of income at the total income of ₹ 12,180/- and in agricultural income of ₹ 3,958,659/- was shown. The return of income was picked up for scrutiny and which culminated into the assessment order wherein assessee was found to have deposited cash of ₹ 3,465,000 in two bank accounts during demonetization period was added.
3. The assessee explained before the assessing officer that source of cash deposit is an advance received from the customers towards the future supply of roses. Subsequently the roses were supplied, and the bills were raised against the above cash deposit. It was also stated that advances received from the customer was in old currency notes and the appellant has deposited the same to its bank account with axis bank and IDBI Bank Ltd. The disclosure was also made in the audited financial statements under note number 23. Therefore, the assessee has received the money from a customer, therefore it could not have been added under section 69A of the act. The learned assessing officer did not believe the same and therefore made the addition under section 69A of the act.

4. Against the assessment order assessee preferred an appeal before the learned CIT – A wherein the appeal of the assessee was disposed of by an order dated 3 June 2025 during the course of appellate proceedings the assessee was granted relief of ₹ 15,000 and the balance amount of ₹ 3,450,000 was confirmed. Thus, the addition to the extent of ₹ 3,465,000 was reduced to Rs. 34,50,000/-. The assessee is aggrieved with that and is in appeal before us.

5. The learned authorised representative submitted that source of cash deposit made in the bank account during demonetisation period pertain to the advances from customers. He further referred to the page number 6 of the appellate order where there are four parties from whom the assessee has received cash advances of ₹ 3,450,000 which was deposited in the bank account. Further sum of ₹ 550,000 was refunded are adjusted by sale during the year and further ₹ 29 lakhs out of the above advances of ₹ 3,450,000/- is outstanding at the end of the year. The assessee has filed the confirmation before the learned assessing officer of the above for suppliers. Therefore, it was submitted that the disclosure was also made in the annual accounts of the assessee in note number 23. The above amount has subsequently been reversed by booking the sales and offering the income to the profit and loss account on sale of flowers. Therefore, the above sum could not be held to be an unaccounted income of the assessee which would have been added to the total income of the assessee under section 69A of the act. Assessee also referred to the paper book filed before us containing 102 pages

wherein the audited financial statements, the Ledger extracts of sales of all the above four parties were submitted.

6. The learned departmental representative vehemently supported the orders of the learned lower authorities and submitted that in the confirmation submitted by the assessee there is no mention of any permanent account number of these parties and therefore the addition has been made correctly under section 69A of the act.
7. We have carefully considered the rival contentions and perused the orders of the learned lower authorities. The simple issue involved in this appeal is that assessee has received advances in cash from four buyers. The total cash was received of ₹ 3,465,000. Out of the above sum of ₹ 3,465,000/-, ₹ 1,065,000 were deposited in Axis bank account and sum of ₹ 24 lakhs was deposited in IDBI bank account of the assessee. To support the case of the assessee the assessee submitted the copies of the Ledger account of the flower buyers confirming the cash payment for the purchase of flowers from the company. Subsequently the sales have also been made to these parties. The learned assessing officer disbelieved the same and made an addition to the total income of the assessee of ₹ 3,465,000 which was reduced by the learned CIT – A to ₹ 3,450,000. We find that the above amount has been received in cash, the parties who paid the above cash to the assessee confirmed the same, and subsequently the sale has been recorded in the books of accounts of the assessee against the above cash received, there could not have been any addition under section

69A of the act. The complete details with respect to the name, address of the parties who paid the cash is available and submitted before the learned assessing officer. Subsequent sale is also not denied. No inquiries a been made by the learned assessing officer by issuing notice under section 133 (6) of the act to the buyers. Therefore, in absence of any enquiry, no addition could have been made without rejecting the explanation of the assessee. In view of this the addition made by the learned lower authorities deserves to be deleted. Accordingly, we direct the learned assessing officer to delete the addition of ₹ 3,450,000/-.

8. In the result, the appeal by the assessee is allowed.

Pronounced in the open court on this 30th day of September, 2025.

Sd/-

(PRASHANT MAHARISHI)
VICE PRESIDENT

Bangalore,
Dated, the 30th September 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.