

आयकर अपीलीय अधिकरण, “एस.एम.सी” न्यायपीठ, कटक
IN THE INCOME TAX APPELLATE TRIBUNAL “SMC” BENCH CUTTACK

(THROUGH VIRTUAL HEARING)

श्री जार्ज माथन, न्यायिक सदस्य के समक्ष ।
BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER

आयकर अपील सं/ITA No. 162/CTK/2025
(निर्धारण वर्ष / Assessment Year : 2017-2018)

Saroj Kumar Swain At/P.O:- Banga, Kudiary, Delanga, Jatni, Khurda, 752050	Vs	ITO, Khurda Ward, Khurda
PAN No. : AZLPS 4330 H		
(अपीलार्थी / Appellant)	..	(प्रत्यर्थी / Respondent)
निर्धारिती की ओर से / Assessee by	:	Shri, S.K. Agrawalla, AR
राजस्व की ओर से / Revenue by	:	Shri Vijay Singh, Sr. D.R.
सुनवाई की तारीख / Date of Hearing	:	24/09/2025
घोषणा की तारीख / Date of Pronouncement	:	24/09/2025

आदेश / ORDER

This is an appeal filed by the assessee against the order of the Ld. CIT(A), National Faceless Appeal Centre(NFAC), Delhi order dated 03/01/2025 in Appeal No.CIT(A),Bhubaneswar-1/14503/2019-20 for the assessment year 2017-18.

2. It was submitted by the Ld. AR that the assessee is a vegetable vendor. It was the submission that the assessee had not filed his return of income during the impugned assessment year. It was the submission that notice under section 142(1) of the Act had been issued to the assessee on 25.01.2018 and the assessee had filed his return and response to the notice issued under section 142(1) of the Act on 20.07.2019. It was the submission that when the assessment was done the return filed by the assessee was treated as invalid and the accounts of the assessee was

rejected and income of the assessee estimated at 8%. It was the further submission that the AO had found cash deposits in the assessee's bank account to an extent of Rs.17,65,000/- during the demonetization period and had consequently treated the same as deposit of specified bank notes and treated the same as undisclosed income of the assessee. It was the submission that the assessee had deposited only Rs.1,44,000/- in specified bank notes in the bank account of the assessee which send to Bank Of India, Jatni and to prove this the assessee has produced the SFT statement of the same. It was the submission that the books of accounts of the assessee having been rejected and no further addition could be made on the basis of the entries in the books of accounts.

3. It was a prayer that the additions of the specified bank notes as made by the AO is liable to be deleted. It was the further submission that tax credit in respect of the TDS and the taxes paid have not been granted to the assessee the AO may be directed to grant the benefit of the TDS and the tax paid.

4. It was submitted by the Ld. Sr. Dr that the facts as mentioned by the assessee is correct and the taxes and the TDS that is paid by the assessee is liable to be given credit to. It was however the submission that if the addition in respect of the SBN notes alleged by the AO is deleted then the assessed income will go below the returned income. It was the submission that the returned income was an amount of Rs.6,01,500/- and if the addition is removed then the assessed income

would be lower than Rs. 6,1,500/-. It was the submission that this was not permissible as per the Income Tax Act.

5. I have considered the rival submissions. It is an admitted fact that the assessee has file its return of income disclosing an income of Rs.61,500/-. It is also an admitted fact that the books of accounts of the assessee have been rejected. Once the books of accounts have been rejected then obviously no further addition in respect of the so called demonetized currency can be made. It is also an admitted fact that the demonetized currency deposited by the assessee is only in one bank account that is the Central Bank Of India maintain by the assessee and that is also to an extend of Rs.1,44,000/- it is also an admitted fact that this deposits are part of the turnover of the assessee. The AO an estimating the income of the assessee is considered the entire turnover. On this ground itself the addition in respect of the alleged SBNS cannot be made even otherwise as the income of the assessee has been estimated no addition on account of this alleged SBN notes which is the part of the turn over the assessee can be made. Consequently, the said addition stands deleted. The fact now remains that the income of the assessee has been estimated at 8% but assessed income on deletion of the addition made under section 69(A) of the Act would result in the assessed income going below the returned income. This admittedly is not permissible. This being so, the AO is directed to assess income of the assessee at the returned of income. The AO is also directed to verify and

grant credit to the TDS if any and the taxes paid for the impugned assessment year if any.

6. In the result, appeal of the assessee is partly allowed for the statistical purposes.

Order dictated and pronounced in the open court on 24/09/2025.

Sd/-
(जार्ज माथन)
(GEORGE MATHAN)
न्यायिक सदस्य / JUDICIAL MEMBER

दिनांक Dated 24/09/2025
Prakash Kumar Mishra, Sr.P.S

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant- Saroj Kumar Swain
At/P.O:- Banga, Kudiary,
Delanga, Jatni,
Khurda, 752050
2. प्रत्यर्थी / The Respondent- ITO, Khurda Ward, Khurda
3. आयकर आयुक्त(अपील) / The CIT(A),
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, कटक / DR, ITAT,
Cuttack
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/ BY ORDER,

(Assistant Registrar)
आयकर अपीलीय अधिकरण, कटक/ITAT, Cuttack