

**IN THE INCOME TAX APPELLATE TRIBUNAL
LUCKNOW BENCH 'B', LUCKNOW**

**BEFORE SHRI KUL BHARAT, VICE PRESIDENT
AND
SHRI ANADEE NATH MISSHRA, ACCOUNTANT MEMBER**

I.T.A. No.378/Lkw/2024
Assessment Year: 2017-18

A.C.I.T., Central Circle-2, Lucknow.	Vs.	Reeta Singh B-1, 182, Sector-G, Aliganj, Lucknow-226 024 PAN:AGIPS8990F
(Appellant)		(Respondent)

Appellant by	Shri Samrat Chandra, C.A.
Respondent by	Shri R.R.N. Shukla, Addl. CIT (D.R.)

ORDER

PER ANADEE NATH MISSHRA:A.M.

(A) This appeal vide I.T.A. No.378/Lkw/2024 has been filed by Revenue for assessment year 2017-18 against impugned appellate order dated 09/05/2024 (DIN & Order No.ITBA/APL/S/250/2024-25/1064748230(1) of Commissioner of Income Tax (Appeals) ["CIT(A)" for short]. In this appeal Revenue has raised the following grounds:

- "1. Whether on facts and circumstances of the case and in law, the CIT(A) erred in deleting the addition of Rs.1,13,49,338/- on account of cash deposits without appreciating the fact that during assessment proceedings, the assessee, herself, admitted that out of total sales (net) of Rs.1,28,16,662/- of the Firm M/s R.P. Pharma, the sale other than in cash was Rs.1,18,58,000/- and the rest of Rs.9,58,662/- was in cash.*
- 2. Whether on facts and circumstances of the case and in law, the CIT(A) erred in deleting the addition of Rs.1,13,49,338/- on*

account of cash deposits without appreciating the fact that the cash receipt during the F.Y. 2016-17 was shown at Rs.9,58,662/- and the cash deposits in bank accounts over and above Rs.9,58,662/- remained unexplained.

3. *Whether on facts and circumstances of the case and in law, the CIT(A) erred in deleting the addition of Rs.1,13,49,338/- on account of cash deposits without appreciating the fact that the cash deposits of Rs.20,000/- claimed as gift received from father and deposits of Rs.80,000/- during demonetization in absence of any documentary proofs, remained unexplained."*

(B) In this case assessment order dated 26/09/2019 was passed u/s 143(3) of the Act. The assessee's total income was assessed at Rs.1,65,20,218/- as against returned income of Rs.51,70,880/-. In the aforesaid assessment order an addition of Rs.1,13,49,338/- was made by the Assessing Officer on account of cash deposit in bank account. The relevant portion of the assessment order is reproduced as under:

3. The assessee is an individual and she earned income from business and profession during the year under consideration.

4. 1. The case is selected under limited scrutiny on following point:

"Cash deposit during the year."

Basis of limited scrutiny of this case is on one point i.e. Cash deposits during the year. It is pertinent to mention here that the assessee was asked to submit the source of cash deposits in different Bank accounts alongwith supporting evidence vide notice u/s 142(1) of the I.T. Act, 1961 dated 02.08.2019. The assessee in her reply dated 08.08.2019 submitted details of cash deposit alongwith Summary of Sales of F.Y. 2016-17 which is reproduced as under :-

R.P. Pharma
B-1/184, Sector-G,
Aliganj, Lucknow

Summary of Sales of F.Y. 2016-17

PARTICULARS	AMOUNT
Total Sale	1,35,25,909.42
Less: Sale Return	21,821.00
Output VAT	6,87,426.32
Net Sales	1,28,16,662.10
Less: Sale other than in Cash	1,18,58,000.00
Net Cash Sale	9,58,662.10

Hence it is evident that the assessee has only Rs.9,58,662.10 as cash receipt from Sales. Thus it is corroborated that the cash deposits over and above Rs.9,58,662.10 are from unexplained sources and accordingly remained as unexplained.

(C) During the assessment proceedings the assessee had claimed that an amount of Rs.20,000/- was received from the assessee's father as gift. The assessee also submitted that an amount of Rs.30 lakhs was declared under ITD-2016, which was deposited in bank in cash. The assessee also submitted that Rs.80,000/- was deposited in cash out of old savings. As regards the remaining amount of Rs.1,18,68,000/- deposited in cash in Bank of India and an amount of Rs.3,50,000/- deposited in Allahabad Bank, the assessee claimed that these deposits made in cash in the bank were out of cash sales in assessee's proprietary firm M/s R. P. Pharma. The Assessing Officer observed, from details furnished by the assessee during assessment proceedings, that out of total net sales amounting to Rs.1,28,16,662/-; sales amounting to Rs.1,18,58,000/- was other than in cash; and only an amount of Rs.9,58,662/- was the amount of net cash sales. Accordingly, the Assessing Officer reduced the amount of Rs.9,58,662/- from the addition on account of cash deposits in bank. Regarding the amount of Rs.1,12,49,338/- (Rs.1,08,99,338/- deposited in cash in Bank of India; and Rs.3,50,000/- deposited in Allahabad Bank) claimed by the assessee to be sale in cash, the assessee's explanation was rejected by the Assessing Officer. Further, regarding the claims of the assessee regarding Rs.20,000/- received in cash from father, and Rs.80,000/- being old savings; the Assessing Officer rejected these claims. The assessee filed appeal in the office of the learned CIT(A). Vide impugned appellate order dated 09/05/2024, the learned CIT(A) deleted the entire addition of Rs.1,13,49,338/-; accepting the assessee's explanations regarding cash deposits made in the banks out of cash sales in proprietary firm M/s R. P.

Pharma, gift received in cash from father; and old savings. The relevant portion of the order of learned CIT(A) is as under:

6.3 I have carefully considered the written submission of the appellant and the facts of the case. The appellant has furnished all the bank accounts in which cash has been deposited alongwith the ledger accounts. The appellant has submitted that during the year under consideration the she has made total sales of Rs. 1,35,25,909.42 out of which sales returns are Rs. 21821/- and Output VAT is Rs. 687426.32, thus, resulting in net sale of Rs. 1,28,16,662.10. Out of the net sales, the cash sales are at Rs. 1,27,34,347.68/- and sales through card is only Rs. 82314/-. The appellant further submitted that out of the total amount of cash sales of Rs. 1,27,34,347/- the amount of Rs. 1,18,58,000/- and Rs. 3,50,000/- totaling to Rs. 1,22,08,000/- has been deposited in the bank accounts, the source of which has been shown to be out of cash sales. Further, Rs. 20,000/- has been deposited in the PNB Ac no. 1854000100092632. The appellant has submitted that this amount is the cash gift received from her father which was deposited in the bank account. This is very meager amount, hence the contention of the appellant is accepted. On perusal of the bank statements, it is noted that the cash deposits have been made throughout the year and a regular pattern has been followed. Further, the appellant has filed the details ledger account to show the cash balances in the hands of the appellant. It is pertinent to mention that the appellant is proprietor of the M/s

R.P.Pharma and also a practicing doctor deriving income from M/s Pawar Clinic (Partnership Firm) in the form of salary and interest. Keeping in view the nature of the business i.e. sale of medicines where the major receipts are in cash, the cash deposits in the bank accounts may not be ruled out. It is noteworthy that appellant has been depositing proceeds of the cash sales in her bank accounts on regular basis. Thus, I find force in the contention of the appellant that the cash deposits of Rs. 1,18,58,000/- and Rs. 3,50,000/- totaling to Rs. 1,22,08,000/- have been made out of the cash sales of medicine.

6.4 Further, an amount of Rs. 30,80,000/- has been deposited in cash in the Allahabad Bank Account. Out of which, Rs. 30,00,000/- was declared in the IDS, 2016 and the credit of the same has been allowed by the Assessing Officer in the assessment order. The remaining of Rs. 80,000/- deposited in the Allahabad bank account was added back to the income of the appellant by the Assessing Officer being unexplained. During the appellate proceeding, the appellant has submitted that these deposits were made during the demonetization period out of savings. Looking at the status of the appellant, the deposits of Rs. 80,000/- made during the demonetization period cannot be said to be excessive.

6.5 In view of above discussion and the documentary evidences filed by the appellant, I am of the considered view that the addition of Rs.1,13,49,338/- by the Assessing Officer deserves to be deleted. Thus, the addition of Rs.1,13,49,338/- is hereby deleted. **Therefore, these grounds of appeal are allowed.**

(D) The present appeal has been filed by Revenue against the aforesaid impugned order dated 09/05/2024 of the learned CIT(A). During appellate proceedings in Income Tax Appellate Tribunal, a paper book containing the following particulars was submitted from the assessee's side:

S.L. No.	PARTICULARS
1.	Copy of Financial Statement for FY 2016-17
2.	Copy of Cash Ledger for FY 2016-17
3.	Copy of Bank Ledger for FY 2016-17
4.	Copy of Sales Ledger for FY 2016-17
5.	Copy of Bank Statement for FY 2016-17
6.	Copy of notice dated 09/08/2018 again DIN ITBA/AST/S/143(2)/2018-19/1010975937(1)
7.	Copy of reply dated 24/08/2018 against notice dated 09/08/2018
8.	Copy of notice dated 08/02/2019 again DIN ITBA/AST/F/142(1)/2018-19/1015034095(1)
9.	Copy of reply dated 15/02/2019 against notice dated 08/02/2019
10.	Copy of notice dated 03/06/2019 again DIN ITBA/AST/F/142(1)/2019-20/1016208345(1)
11.	Copy of reply dated 05/06/2019 against notice dated 03/06/2019
12.	Copy of notice dated 02/08/2019 again DIN ITBA/AST/F/142(1)/2019-20/1017167480(1)
13.	Copy of reply dated 08/08/2019 against notice dated 02/08/2019

14. Copy of notice dated 19/08/2019 again DIN
ITBA/AST/F/142(1)/2019-20/1017449177(1)
15. Copy of reply dated 24/08/2019 against notice
Dated 19/08/2019

(D.1) At the time of hearing before us the learned A.R. for the assessee relied on the impugned order of the learned CIT(A). He further relied on the paper book referred to in foregoing paragraph (C) of this order.

(D.2) The learned D.R. relied on the assessment order.

(D.2.1) We have heard both sides. We have perused materials on record. We find from the perusal of the assessment order that the assessee did not produce any books of account/vouchers during assessment proceedings, and only submitted summary of sales. From the perusal of the impugned order of the learned CIT(A) there is no mention that the books of account, vouchers etc. were produced by the assessee before her or that the learned CIT(A) examined the books of account and vouchers either on her own or remanded the matter regarding examination of books of account and vouchers to the Assessing Officer. It is not clear whether the assessee produced/submitted any evidence during appellate proceedings before learned CIT(A) other than those produced/submitted before the Assessing Officer during assessment proceedings. Even if the assessee did so, it would not have been admissible without meeting requirements under Rule 46A of Income Tax Rules. There is not even whisper about Rule 46A of Income Tax Rules in the impugned order of learned CIT(A). The learned CIT(A) has accepted the assessee's claim regarding cash sales amounting to Rs.1,27,34,348/- in proprietary firm M/s R. P. Pharma, which is contrary to particulars furnished by the assessee during assessment proceedings. After

due verification of the details submitted by the assessee, the Assessing Officer has found that cash sale was only amounting to Rs.9,58,662/- and the remaining sales was other than in cash. Therefore, the Assessing Officer was justified in accepting the assessee's claim of cash deposit in bank, to the extent of Rs.9,58,662/-; and in rejecting the assessee's explanation regarding the remaining amount of Rs.1,08,99,338/-. Therefore, the aforesaid addition of Rs.1,08,99,338/- is confirmed. As regards the remaining amounts of Rs.20,000/- (claimed to be gift received by the assessee from father, in cash) and Rs.80,000/- (claimed by the assessee to be out of old savings), the order of the learned CIT(A) is found to be reasonable and just in the facts and circumstances of the case. Considering the fact that the assessee is a doctor and also proprietor of M/s R. P. Pharma, it can be said that the assessee is not of ordinary means. It is also common in Indian households that the ladies regularly make some savings out of funds earmarked for house hold expenses, and such savings are accumulated over time. Having regard to assessee's profession and business, economic standing, common practice in households, etc.; the assessee's claim of Rs.80,000/- being accumulated savings from past is not excessive or unreasonable in the facts and circumstances of the present case. Further, as regards Rs.20,000/- claimed by the assessee to be cash received by way of gift from father, it is customary in Indian society for children to receive cash from parents as a token of blessings from time to time. Therefore, the claim of assessee that an amount of Rs.20,000/- was received from father by way of gift is accepted having regard to assessee's social standing and customary practice in Indian society. Therefore, no interference is called for in the order of the learned CIT(A) as regards the aforesaid amounts of Rs.80,000/- and Rs.20,000/-.

(E) In the result, the addition of aforesaid amount of Rs.1,08,99,338/- is confirmed and accordingly grounds 1 & 2 of appeal are allowed. As regards ground No. 3 of the appeal, it is partly allowed because the order of the learned CIT(A) regarding deletion of aforesaid additions amounting to Rs.20,000/- and Rs.80,000/- is accepted.

(F) In the result, the appeal is partly allowed for statistical purposes.

(Order pronounced in the open court on 09/10/2025)

Sd/.
(KUL BHARAT)
Vice President

Sd/.
(ANADEE NATH MISSHRA)
Accountant Member

Dated:09/10/2025
*Singh

Copy of the order forwarded to :

1. The Appellant
2. The Respondent
3. Concerned CIT
4. D.R. ITAT, Lucknow