

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“SMC” BENCH, SURAT**

**BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER &  
SHRI OM PRAKASH KANT, ACCOUNTANT MEMBER**

**I.T.A. No. 919/SRT/2025  
Assessment Year: 2022-23**

Krunalbhai Ashokbhai Gandhi 201, Kusumanjali Apartment, Killa Desai Ni Khadki, Katargam, Surat <b>PAN - ALMPG3238P</b>	Vs	ITO, Ward – 3(2)(1) 4 <sup>th</sup> Floor, Aayakar Bhavan, Majura Gate, Surat.
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	None
Revenue by	Shri AjauryUke, Sr. DR

Date of Hearing	06.10.2025
Date of Pronouncement	09.10.2025

**ORDER**

**Per: SHRI. SANDEEP GOSAIN, J.M.:**

The present appeal has been filed by the assessee challenging the impugned order dt. 20.06.2025 passed under section 250 of the Income Tax Act, 1961 ('the Act'), by the National Faceless Appeal Centre (NFAC) / CIT(A) for the assessment year 2022-23.

2. At the time of hearing none appeared on behalf of the assessee when the case was called repeatedly. Even no application for seeking adjournment has been filed. On the other hand Ld. DR is ready with the arguments. Therefore assessee is proceeded ex-parte.

3. After having heard the Ld. DR and on going through the case records, the additions made by the AO were sustained by Ld. CIT(A) by passing the order, the operative portion is contained herein below:

*8.1 The provisions of se Section 69A squarely apply in this case.*

*8.2 Section 69A of the Act entitled unexplained money etc reads as under:-*

*Where in any year the taxpayer is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the taxpayer offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, than the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the taxpayer for such year.*

*From a perusal of the provisions of section 69A it is clear that the, following conditions are required to be met:-*

*(i) The taxpayer is found to be the owner of any of any money, bullion, jewellery or other valuable article;*

*(ii) such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income; and the taxpayer offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not satisfactory, in the opinion of the Assessing Officer.*

*Thus it is seen that in the case of section 68, the assessee should have maintained books of accounts and the sum is found to be credited to the books of account whereas in the case of section 69A, the assessee may or may not have maintained books of account but is found to be the owner of the money, jewellery, bullion or other valuable article.*

*However the other essential ingredients of the sections such as the burden of proof with regard to the source of the credits or unexplained money, test of satisfaction, are common to both sections and hence the judicial decisions on section 68 will also be relevant for section 69A respectively with regard to the burden of proof on the assessee to prove the source etc.*

*8.3 The Burden of proof is on the assessee who is required to offer an explanation to the satisfaction of the Assessing Officer so as not to attract the mischief of section 68 or for that matter section 69A. This aspect has been deliberated upon by the Hon'ble Supreme Court in numerous decisions. Relevant portion from following case laws are extracted below:*

*i. Sreelekha Banerjee v CIT (1963) 49: 1TR 112 (S)*

*"It seems to us that the correct approach to questions of this kind is this. If there is an entry in the account books of the assessee which shows the receipt of a sum or conversion of high denomination notes tendered for conversion by the assessee himself, it is necessary for the assessee to establish, if asked, what the source of that money is and to prove that it does not bear the nature of income. The Department is not at this stage required to prove anything. It can ask the assessee to bring any books of account or other documents or evidence pertinent to the explanation if one is furnished and examine the evidence and the explanation. If the explanation shows explanation shows that the receipt was not of an income nature, the Department Gannet act unreasonably and reject that explanation to hold that it was income. If, however, the explanation is unconvincing and one which deserves to be rejected, the Department can reject it and draw the inference that the amount represents income either from the sources already disclosed by the assessee or from some undisclosed source. The Department does not-then proceed on no evidence, because the fact that there was receipt of money, is itself evidence against the assessee. There is thus prima facie evidence,, against the assessee which he fails to rebut, and being unrebutted, that evidence can be used against him by holding that it was a receipt of an income nature. The very words "an undisclosed source" show that the disclosure must come from the assessee and not from the Department".*

ii. *Kale Khan Mohammad Hanif v CIT [1963] 50 ITR 1 (SC)*

*"It is well established that the onus of proving the source of a sum of money found to have been received by the assessee is on him. If he disputes liability for tax, it is for him to show either that the receipt was not income or that if it was, it was exempt from taxation under the provisions of the Act. In the absence of such proof, the Income-tax Officer is entitled to treat it as taxable income".*

*Now, the law is well settled that the onus of proving the source of a sum of money found to have been received by an assessee is on him. If he disputes the liability for tax. it is for him to show either that the receipt was not income or that if it was, it was exempt from taxation under the provisions of the Act. In the absence of such proof, the revenue is entitled to treat it as taxable income.*

*To put it differently, where the nature and source of a receipt whether it be of money or of other property, cannot be satisfactorily explained by the assessee, it is open to the revenue to hold that it is the income of the assessee and no further burden lies on the revenue to show that that income is from any particular source."*

iii. *SumatiDayal v. CIT [1995] 80 Taxman 89 (SC)*

*"But, in view of Section 68 of the Act, where any sum is found credited in the books of the assessee for any previous year the stehere any surged to income tax as the income of the assessee of that previous year if the explanation offered by the assessee about the nature and source thereof is, in the opinion of the Assessing Officer, not satisfactory. In suche fails there is, prima facie, evidence against the assessee, Viz the receipt of money, and if he fails to rebut, the said evidence being unrebutteden be used against him by holding that it was a receipt of an income nature While considering the explanation of the assessee the Department cannot, however, act unreasonab*

iv. *CIT v. P. Mohanakala [2007] taxman 469 (SC)*

*"The expression "the assesseees offer no explanation means where the assesseees offer the books maintained by the assesseees. It is true the opinion of the explanation as regards*

*the sums found credited in the if the Assessing Officer for not accepting the explanation offered by the assessee as not satisfactory is required to be based on proper appreciation of material and other attending circumstances available on record. The opinion of the Assessing Officer is required to be formed objectively with reference to the material available on record. Application of mind is the sine qua non for forming the opinion".*

*8.4 Accordingly, applying the judicial principles outlined in the earlier paragraphs to the facts of the case it is seen that the primary onus to prove the source of the money and necessary evidences to support credit entries u/s 68 or section 69A of the Act is on the assessee. The Hon'ble Supreme Court has further held that explanation offered by the assessee should be carefully examined by the AO to ascertain whether all the ingredients of the onus are proved by the assessee or not. The assessee is required to discharge the onus by producing evidence and an explanation that are both comprehensive and accurate.*

*8.5 It is a matter of record that neither the existence of the Federal Bank account nor the transactions undertaken therein were accounted for in the books of account, nor disclosed in the profit & loss account or balance sheet for the relevant year. This clear omission undermines the appellant's claim and casts serious doubt on the genuineness of the explanation offered. No evidence whatsoever was furnished either during the assessment or during the appellate proceedings to establish the source and business nexus of the said transactions.*

*8.6 In view of the above facts-non-disclosure of the bank account, non-accounting of transactions, failure to produce any documentary proof, and failure to discharge the onus under law-the action of the Assessing Officer in treating the said amount as unexplained money under section 69A is fully justified. I find no merit in the grounds raised by the appellant.*

*8.7 I have carefully considered the assessment order, the submissions made by the appellant, and the material placed on record. It is noted that the Assessing Officer has made an addition of 10,00,000/- under section 69A of the Act on the*

*ground that the advances given by the appellant remained unexplained and the party remained unverified. However, it is evident from the records that the said amount was duly recorded in the appellant's regular books of accounts and the transaction formed part of the audited financial statements. Furthermore, the Assessing Officer himself has relied upon information obtained from the Form 3CD of the recipient party, which clearly establishes that the identity of the party was available and the transaction traceable. The condition for invoking section 69A - that the amount is not recorded in the books is not satisfied in this case. Also, the source of the amount advanced has not been doubted by the AO. In light of the above, the addition made under section 69A of 10,00,000 is unsustainable both in law and on facts. Accordingly, the same is directed to be deleted.*

*9. In view of the discussion in the preceding paragraph am constrained to concur with the AO's findings of fact and decisions thereof mote particularly in the absence of any meaningful and worthwhile submissions/documentations even during the instant appellate proceedings, to counter effectively the position adopted by the AO on the concerned issues and reduced in writing in the assessment order. It is trite that an appellate authority is essentially called upon to balance the two sides of an argument presented before him as held in *Nirmal Singh and Others of the Hon'ble Punjab and Haryana High Court [Cr No. 3791 of 2013 (O&M) dated 01.05.2014]* and in the absence of any reasonable, cogent and valid arguments/contentions advanced by the appellant in the instant appeal to counter the AO's decision as contained in the assessment order, as mentioned earlier, the addition made by the AO is sustained.*

4. After having gone through the orders passed by the revenue authorities, the Ld. CIT(A) has upheld the addition u/s 69A of the Act on the ground that the advances given by the assessee remained unexplained and unverified.

5. No new facts, circumstances or documents have been placed before us during the course of proceedings in orders

to controvert or rebut the lawful findings so recorded by Ld. CIT(A). Therefore we find no reasons to interfere into or to deviate from the well reasoned finding recorded by Ld. CIT(A). Thus we dismiss the grounds raised by the assessee with no order as to cost.

6. In the result appeal filed by the assessee stands dismissed.

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

**Sd/-**  
**(OM PRAKASH KANT)**  
**(ACCOUNTANT MEMBER)**

**Sd/-**  
**(SANDEEP GOSAIN)**  
**(JUDICIAL MEMBER)**

Surat:

Dated: 09/10/2025

*KRK, Sr. PS.*

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy

By order

(Asstt. Registrar)  
**ITAT, Surat**