

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

BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT

ITA No.1757/Bang/2025
Assessment year : 2017-18

M/s. Sri Ram Cash & Carry, # 186/20, 5 th Main Road, APMC Yard, Yeshwanthpur, Bengaluru – 560 022. PAN: ABSFS 5288F	Vs.	The Income Tax Officer, Ward 6[2][4], Bengaluru.
APPELLANT		RESPONDENT

Appellant by	:	Shri V. Srinivasan, Advocate
Respondent by	:	Shri Ganesh R. Ghale, Advocate, Standing Counsel.

Date of hearing	:	24.09.2025
Date of Pronouncement	:	22.10.2025

ORDER

1. This appeal is filed by Sri Ram Cash & Carry (the assessee/appellant) for the assessment year 2017-18 against the appellate order passed by the Addl/JCIT(A)-6, Delhi [Id. CIT(A)] dated 26.6.2025 wherein the appeal filed by the assessee against the assessment order passed u/s. 143(3) of the Income-tax Act, 1961 [the Act] dated 23.12.2019 by the ITO, Ward 6[2][4], Bengaluru was dismissed.

2. The assessee is aggrieved with the addition of ₹ 811,250/- as unexplained cash credit u/s. 68 of Act being difference between the cash on hand as on 8.11.2016 and opening cash balance as on 9.11.2016 shown by the appellant in the cash statement produced before the ld. AO was confirmed.
3. The brief facts of the case the assessee is a partnership firm carrying on the business in rice, wheat and wheat products, Sugar, foodgrains, filed its return of income on 5.11.2017 at a total income of ₹ 716,490/-. The return was picked up for scrutiny and notice u/s. 143 (2) was issued on 24 September 2018. The assessee was asked to provide certain details such as bank account, statements, details of cash deposits and the sources thereof along with the details of sales, purchases, that, sundry creditors, and debtors. The assessee has declared its turnover of ₹ 29.13 crores on which gross profit of ₹ 52.34 lakhs and net profit of ₹ 7.30 lakhs been shown.
4. The AO found that during the demonetisation period in the grain merchants cooperative bank Ltd the assessee has deposited cash of ₹ 73.40 lakhs and with Kotak Mahindra Bank of ₹ 202 lakhs totalling to Rs 2,75,80,000. The assessee was asked to furnish the details. The ld. AO examined the details and found that closing cash balance on 8th November 2016 was ₹ 9,758,629/- whereas the opening cash balance on 9th November 2016 was ₹ 8,947,379/-. As there was a difference between these two amounts, the assessee was asked to furnish the cashbook for the financial year 2016 – 17 along with the reason why

the difference in the closing cash on 8 November 2016 and opening cash balance on 9th November 2016. The assessee explained that assessee is maintaining the accounting books on 'Mandy Munji' software which has given this result while taking out a print of cash statements. The assessee submitted the complete books of account and stated that there is no difference in the cashbook submitted before the Id. AO. The Id. AO did not accept the answers of the assessee and made an addition of ₹ 811,250 to the total income of the assessee and assessed the total income at ₹ 1,527,740/- by an assessment order passed on 23 December 2019.

5. The assessee approached the learned CIT – A and explained the complete details before him, the learned CIT – A did not find any merit in the appeal and confirmed the addition. Therefore, assessee is in appeal before me.
6. The learned authorised representative submitted the cashbook, showing the cash deposits during the demonetisation period, also submitted the complete details of the books of accounts and stated that when the complete books of accounts are available before the Id. AO and there is no discrepancy, the addition should not have been made. He also explained that the error has happened because of the records from the custom-made software which did not conform with each other. Assessee is not aware how this has happened. But when the complete books of accounts and cashbook is produced before the learned assessing officer, which shows that there is no difference in the

opening balance as on 9 November 2015 and closing cash balance as on 8th November 2016, the addition made by the Id. AO deserves to be deleted. The learned authorised representative further submitted a paper book showing all those details.

7. The learned departmental representative vehemently supports the order of the learned lower authorities.
8. We have carefully considered the rival contentions and perused the orders of the Id. lower authorities. During assessment proceedings assessee produced some cash statement wherein opening balance of cash as on 9 November 2016 was not matching with the cash statement showing closing balance of cash on 8 November 2016. The Id. AO questioned the same. In response to that assessee submitted that there is some data, or which has happened because of print out taken from a custom-made software, to show the complete cashbook with the assessing officer along with the other books of accounts. It was the claim of the assessee that in the cashbook, there is no difference in opening cash balance on 9.11.2016 with closing cash balance on 8.11.2016. The Id. AO though accepted that in the cashbook produced before him, there is no difference, however, he stated that in the statement earlier submitted by the assessee, there was such difference and therefore he made the addition. The learned CIT – A was also shown the same facts, but he confirmed the order of the learned AO. The arguments of the learned authorised representative if considered in proper perspective, it will show that as assessee is maintaining its

books of account on some custom-made software mentioned above, two different types of statement were printed and produced before the assessing officer. It is not known that how this difference has been stated in the statement. Assessee tried to explain the same before the assessing officer stating that assessee has been maintaining its books of account since inception in that particular software which is custom-built for the type of business carried on by the assessee. It was further stated that if one is well-versed with the software can handle the same properly and then if the options are not selected properly, the result will not be similar to the actual data of the software. It was further stated that even if the options are selected properly sometimes it will turn out to be a different, every time that the statement is extracted. The assessee also stated that it is also facing some inherent difficulties of the software. Later, the assessee has also discarded the software. But there is no dispute that there was a difference in cash balances. Be that as it may, even otherwise when the complete books of accounts were produced before the assessing officer, there was no difference in cash on hand at the end of November 2016 and opening cash balance on 9 November 2016. The complete books of accounts were produced by the assessee before both the lower authorities. Both the lower authorities did not find out any fault in the regular books of accounts. Thus, as per the regular books of account there was no difference in cashbook as it was found in the two cash statements. The income of the assessee is assessed on the basis of the regular books of account maintained by the assessee. As there is no error in the regular books of

account, merely there is some error in the custom-made software statement print out given by the assessee, the addition could not have been made in the hands of the assessee. In the result we find that the addition made by the Id. AO and confirmed by the learned CIT – A of ₹ 811,250/- as unexplained cash credit under section 68 of the Act is not sustainable, hence, the learned AO is directed to delete the same.

9. In the result ground No.2 of the appeal and the appeal is allowed.

Pronounced in the open court on this 22nd day of October, 2025.

Sd/-

(PRASHANT MAHARISHI)
VICE PRESIDENT

Bangalore,
Dated, the 22nd October, 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.