

**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.611/SRT/2025
Assessment Year: 2017-18**

VipulkumarParsottam Padmani Plot No. 21, Samrat Township, Nr. Samrat School, Near Parvat Patia, Dumbhal, Surat - 395008 PAN – AKXPP1557C	Vs	ITO, Ward 3(2) Income Tax Office, majura Gate, Surat – 395001.
(Appellant)		(Respondent)

Assessee by	None
Revenue by	Ms Namita Patel, Sr.DR

Date of Hearing	07.10.2025
Date of Pronouncement	15.10.2025

ORDER

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

The present appeal has been filed by the assessee challenging the impugned order dt. 30.03.2025 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 2017-18.

2. None appeared when the case was called repeatedly nor any application for seeking adjournment was filed. From the records we noticed that even on the previous date the assessee had sought adjournment without appearing before the Bench.

On the other hand Ld. DR present in the court is ready with the arguments therefore we have decided to proceed with the hearing of the case exparte.

3. From the records we noticed that the issue in question was dealt in detail by Ld. CIT(A) while passing its order and the operative portion is contained in para 8 to 8.8 and the same is reproduced herein below:

I have carefully considered the facts of the case and the submission of the appellant. I have perused the order dated 20.12.2019 passed u/s. 143(3) of the Income-tax Act by the CIRCLE 3(2), SURAT for A.Y. 2017-18 as well as the grounds of appeal, statement of facts, and written submission filed by the appellant. From the order u/ 143(3) dated 20.12.2019 The A.O. has passed the order u/s 143(3) of the Income Tax Act and made addition on account of unexplained Expenditure u/s 69C of Rs.4,04,275/- and raised the demand of Rs.4,48,820/- vide order dated 20.12.2019 of the Income Tax Act.

8.2 The ground raised by the appellant is related to addition of Rs. 4,04,275/- made u/s 69C, of the Income Tax Act. In view of the fact of the case and assessment order made by the AO it is stated that the assessee has made cash payment to the tune of Rs. 4,04,275/- on 21.09.2016 for the payments made on account of purchase of Audi Car from Nixy Nova Motoren Pvt Ltd. In this regard the appellant was requested to furnish the cash book.

Whereas the assessee has claimed expenses of Rs.4,04,275/- as incurred on 21.09.2016. From the perusal of the cash book it is seen that there was no cash available to the assessee for the said had payment made to Nixy Nova Motoren Pvt Ltd. Further the assessee has not filed any explanation in respect of source of payment made for purchase of Audi. Therefore, an amount of Rs.4,04,275/- is added back to the total income of the appellant on account of unexplained expenditure u/s 69C of the Income tax Act 1961 by the AO.

8.3 Further the appellant has made rectification application u/s 154 of the Act on 23.12.2019 to rectify the assessment order. The

appellant has contested that the payment of Rs.2,25,300/- & Rs.1,26,750 i.e. total Rs.3,52,050/- was debited in the books of accounts maintained by the appellant. Therefore the addition made in the total income of Rs.4,04,275/- is not correct but it should be restricted to Rs.52,225/- (Rs.4,04,275- Rs.3,52,050). The AO has rejected the rectification request which is produce as under:-

"In the above mentioned case it is found that your application dated: 02/03/2022 for rectification of assessment order u/s 143(3) of the act of AY 2017-18 DATED:20/12/2019 does not fall under the purview of rectification u/s 154 of the income tax, 1961 as the matter raised has been discussed in the assessment order. In view of the above your rectification application is hereby rejected and disposed off."

8.4 Further appellant has filed the said appeal after rejection of rectification request by the AO. The assessing officer had added Rs. 4,04,275/- on account of unexplained expenditure u/s. 69C of the Income tax Act, 1961. The said amount pertains to expenses incurred for the personal car of the appellant. During the appeal proceeding in response to notice u/s250 of the Act the appellant has stated that the appellant had provided the details of expenses incurred for the repairing of motor car and had explained that total expenses amounts to Rs. 4,04,275/-. Since, heavy discount was passed to the appellant, he had paid net amount as settlement of bill at Rs. 3,52,050/- .i.e. Rs. 2,25,300/- paid on 14/09/2016 and Rs. 1,26,750/- on 26/10/2016. The appellant had also provided cash book for the year under consideration with explanation that an amount of Rs. 3,52,050/- was already shown in the books of accounts.

8.5 During the appeal proceedings, the appellant submitted that he has been a partner in different firms. He is having income of interest on capital and remuneration from firm are the main sources of income. Further, the appellant also submitted that all the cash payments made by the appellant are not related to the income of the Assessee and the nature of payments made in this account clearly indicate the nature of business transactions. It was explained that, the total cash payments of Rs.4,04,275/- are the cumulative figures and not a single entry of cash payments. Further, while explaining, each of the payments and the source thereof, the appellant had requested to look into the consecutive withdrawals. The appellant states that If the withdrawals had been considered,

then certainly there would have been no unexplained cash payments.

8.6 The submission of the appellant is duly considered but the same is not acceptable. On perusal of the cash book of the appellant it is observed that the appellant has done cash payment of Rs., 2,25,300/- on 14.09.2016 for CAR EXPENSE (house hold withdrawal). Similarly it is seen from the cashbook that the appellant has made payment in cash of Rs., 2,25,300/- on 14.09.2016 for CAR EXPENSE (house hold withdrawal). But it is to be noted that cash balance available in cashbook as on 08.09.2016 was of Rs. 15,458/-. On 08.09.2016, appellant has claimed that he has received gift from Vipul kumar Padmani HUF of Rs. 6,00,000/- in cash. And thus the cash balance available as per cash book as on 08.09.2016 is of Rs. 6,15,458/-. Out of this cash balance an amount of Rs. 2,00,000/- and Rs.1,50,000/- was deposited in Axis Bank on 09.09.2016 and in THECOS on 12.09.2016 respectively. Similarly car expenses as mentioned above of Rs. 2,25,300/- were incurred in cash on 14.09.2016. it is very well clear that source of all these three transactions are out of the so called gift received from Vipul kumar Padmani HUF of Rs. 6,00,000/- in cash as on 08.09.2016. it is evident from the submissions of the assessee that source of Rs. 6,00,000/- (this gift) received is not explained at any stage such as genuineness of the transaction and creditworthiness of the source. Thus the source pertaining to the expenditure of Rs. 2,25,300/- remains unexplained. Similarly it is seen from the cashbook that the appellant has made payment in cash of Rs1,26,750/- on 26.10.2016 for CAR EXPENSE (house hold withdrawal). On perusal of cashbook, available cash balance as on 19.10.2016 was of Rs. 30,157/-. It is seen that appellant received cash of Rs.4,50,000/- from Vijayshree Infra on 25.10.2016. Thus appellant has available cash balance as per cashbook is of Rs. 4,80,157/- as on 25.10.2016. Out of this cash balance of Rs. 4,80,157/-the appellant has made payment in cash of Rs1,26,750/- on 26.10.2016 for car expense (house hold withdrawal). It is thus seen that the source of expenditure of Rs. 1,26,750/- is out of cash received from VijayshreeInfra of Rs. 4,50,000/-. Nowhere appellant has satisfactorily explained the source pertaining to this cash deposit from Vijayshree Infra such as genuineness of the transaction and creditworthiness of the source i.e. the source pertaining to the expenditure of Rs. 1,26,750/- remains unexplained. Thus in totality the source of expenditure of Rs.3,52,050/-(i.e.Rs.2,25,300/-Rs.1,26,750/-)remains unexplained. But in reality appellant has incurred expenditure of Rs. 4,04,275/-

as on 21.09.2016 and nowhere appellant is able to explain the claim of discount received of Rs. 52,225/- remains unexplained. The appellant at any stage never submitted any gift deed, details of gift received, cash received from Vijayshree Infra, the details of transaction or any corroboratory evidences to prove his claim of cash received and discount received. Thus attracts provisions of S. 69C.

8.7 The provisions of section 69C of the Act provides that where in any financial year assessee has incurred expenditure and offers no explanation about the source of such expenditure or explanation offered by him is not satisfactory, then the amount covered by such expenditure is deemed to be income of the assessee for such financial year.

In view of the above the extract of Section 69C of the Income tax Act 1961 is produce as under:-

"Unexplained expenditure, etc. 69C. Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or part thereof, or the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year: Provided that, notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as a deduction under any head of income." PAR

8.8. The reply submitted by the appellant has been considered however found not acceptable as discussed in preceding paras. During the appeal proceedings, the appellant has not submitted any documentary evidence in respect of sources of cash payments made during the year under consideration. As the appellant has failed to submit documentary evidence in respect of sources of cash payments amounting to Rs. 4,04,275/- and also failed to explain the sources of expenditure made amounting to Rs. 4,04,275/- in repairs of car amounting to Rs.4,04,275/-, the contention of appellant cannot be accepted. Hence the additions made by the AO are justified same is upheld. The ground raised by the appellant is dismissed.

3. Considering the overall facts and circumstances of the present case and findings of the CIT(A), we are of the view that Ld. CIT(A) has rightly dismissed the appeal of the

assessee by passing a detailed and well reasoned order. The assessee had not submitted any other corroborative evidence to prove his claim of cash receipts and discount received. Even the copy of gift deed, the details of gift received, cash received from Vijaya Infrastructure and the details of transactions were not submitted. Therefore the CIT(A) rejected the claim of assessee.

4. No new facts or circumstances have been brought before us by the assessee during the course of arguments in order to controvert or rebut the findings so recorded by Ld.CIT(A). Therefore we have no reasons to interfere into or deviate from the lawful findings so recorded by Ld. CIT(A). Hence, we uphold the decision of the Ld. CIT(A) and dismiss the grounds raised by the assessee.

5. In the result, the appeal filed by the assessee stands dismissed with order as to cost.

Order pronounced in the open court on 15/10/2025

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

Sd/-
(SANDEEP GOSAIN)
(JUDICIAL MEMBER)

Surat:
Dated: 15/10/2025

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