

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL 'C' BENCH,
CHENNAI**

श्री एम बालगणेश, लेखा सदस्य एवं श्री एस एस विश्वनेत्र रवि, न्यायिक सदस्य के समक्ष
**BEFORE SHRI S.BALAGANESH, ACCOUNTANT MEMBER AND
SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER**

आयकर अपील सं./ITA No.: 2298/CHNY/2025

निर्धारण वर्ष/Assessment Year: 2017-18

**The Assistant Commissioner
of Income Tax,**
Circle 1,
Tirunelveli

(अपीलार्थी/Appellant)

M/s. Swathikas Jewellers,
Vs. 6/25/2 Main Road,
Marthandam,
Kanyakumari – 629 165

PAN: AAFFP 9089D
(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri C.P. Solomon, CIT
प्रत्यर्थी की ओर से/Respondent by : None
सुनवाई की तारीख/Date of Hearing : 23.10.2025
घोषणा की तारीख/Date of Pronouncement : 24.10.2025

आदेश/ ORDER

PER M. BALAGANESH, AM:

The appeal of the Revenue is directed against the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as Ld.NFAC, in short] in Appeal No. ITBA/NFAC/S/250/2025-26/1077922605 (1) dated 27.06.2025 for the assessment year 2017-18 against the order of

assessment passed u/s. 143(3) of the Income Tax Act,1961 (hereinafter referred to as the Act) dated 23.12.2019 by the Assistant commissioner of Income Tax, Circle 1, Nagercoil (hereinafter referred to as Ld. AO).

2. None appeared on behalf of the assessee. Hence, we proceed to dispose of this appeal on hearing the learned DR and based on materials available on record.

3. The only effective issue raised by the revenue in this appeal is challenging the violation of Rule 46A of the Income Tax Rules by the learned CITA in not providing opportunity to the assessing officer with regard to the additional evidences filed by the assessee.

4. We have heard the learned DR and perused the materials available on record. The learned AO had added the cash deposits made during the demonetization period in the sum of Rs. 3,16,69,270/- for want of evidences from the side of the assessee. The assessee is a partnership firm engaged in the jewellery business. The assessee furnished additional evidences and submissions before the learned CITA as under:-

The assessee had made cash deposit of Rs.3,16,69,270/- during the demonetization period from 10.11.2016 to 30.12.2016 into the assessee's cash credit account with Karur Vysya Bank Limited A/c No.1768223000000020. This Cash Credit Bank account in Karur Vysya Bank No. 1768223000000020 is duly reflected in assessee's audited Balance Sheet filed with you. The entire deposits represent sale proceeds of Jewellery and being deposited the same in the bank account. The assessee's total turnover for the assessment year 2017-18 is Rs.37.28 crores. The entire transactions can be proved item by item with the books of accounts of the assessee and is duly reflected in the audited accounts. Hence to assess the above bank deposits as unexplained cash credit u/s.68 is not tenable as the transactions are duly reflected in the books of accounts and audited statements filed with the Department. The assessee has furnished 1) List showing date wise cash deposits in to the bank account. 2) Copy of the above bank account for the period 10.11.2016 to 30.12.2016 and 3) Copy of extract of assessee's cash book for the period 10.11.2016 to 30.12.2016.

5. These additional evidences were admitted by the learned CITA and contentions of the assessee that the source for cash deposits made in the bank account emanated out of cash sales was accepted, without providing any opportunity to the learned AO by calling for a remand report. The sole grievance of the revenue before us is not providing opportunity to the Learned AO by the Learned CITA. Hence, we hold that there was indeed violation of Rule 46A of the Income Tax Rules committed by the learned CITA. Hence, in the interest of justice and fair play, we deem it fit and appropriate, to restore this issue to the file of learned AO for considering the additional evidences furnished by the assessee before the learned CITA and pass an order in accordance with law qua the dispute before us. Accordingly, the grounds raised by the revenue are allowed for statistical purposes.

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

Order pronounced in the open court on 24th October, 2025 at Chennai.

Sd/-

(एस एस विश्वनेत्र रवि)

(S.S. VISWANETHRA RAVI)

न्यायिक सदस्य/JUDICIAL MEMBER

Sd/-

(श्री एम बालगणेश)

(M. BALAGANESH)

लेखा सदस्य/ACCOUNTANTMEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 24th October, 2025

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Madurai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.