



**IN THE INCOME TAX APPELLATE TRIBUNAL, RAJKOT BENCH,
RAJKOT**

**BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER
AND
SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER**

आयकरअपीलसं./ITA No. 686/RJT/2024
(निर्धारणवर्ष / Assessment Year: (2017-18)
(Hybrid Hearing)

Haridas Mulji Rughani, Prop of M/s. Narandas Mulji, Sutar Wada Main Road, Near Raghuvanshi Masala Bhandar Porbandar 360575, Gujarat.	Vs.	Income Tax Officer, Ward 2(3), Kuber Land Mark, SVP Road, Opp: Sadhana Studio, Porbandar. Gujarat 360575
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: ADPPR7479A		
(Appellant)		(Respondent)

Appellant by : Shri Vimal Desai, Ld. AR
Respondent by : Shri Abhimanyu Singh Yadav, Ld. Sr. (DR)
Date of Hearing : 30/07/2025
Date of Pronouncement : 28/10/2025

आदेश / ORDER

PER DINESH MOHAN SINHA, JM:

Captioned appeal filed by assessee pertaining to Assessment Year 2017-18, is directed against order passed by Commissioner of Income Tax (Appeal), vide order dated 16/08/2024, u/s. 147 of the Income Tax Act, 1961.

2. Grounds of appeal raised by the assessee:

1. The reopening u/s. 147 of the Act is bad in law.
2. The reassessment order u/s. 147 of the Act is bad in law.



3. The learned Assessing Officer has erred in law as well as on facts for making an addition of cash deposits pertaining to Specified bank notes of Rs. 9,80,000/- treating them as unexplained money u/s. 69A of the Act. The Id. CIT(A) has erred in law as well as on facts in confirming the same.

3. Facts of the Case:

"The assessee is an Individual Prop. of M/s Narandas Mulji has filed ROI declaring total income at Rs.4,56,730/-. As per the information received through handing over notes from The then ITO Ward 2(3), Porbandar, it is seen that the assessment proceedings u/s.144 of the Act were dropped vide order dated 26/09/2019 in the case of firm M/s Narandas Mulji (PAN: AABFN8610N) for A.Y.2017-18 (OCM Case cash deposited of Rs.39,30,000/- during demonetization period - account No.265 with Porbandar Commercial Co-operative Bank Ltd.. Porbandar) and in the office note it is mentioned that "The assessee firm has already been dissolved on 31.03.2006 and converted into Proprietorship concern of the assessee Shri Haridas Mulji Rughani (PAN:ADPPR7479A) and therefore, it became clear that the cash deposit does not belong to the assessee firm M/s Narandas Mulji but pertains to Shri Haridas Mulji Rughani (PAN: ADPPR7479A) as a proprietor of M/s Narandas Mulji. As per the verification/inquiry made by this office through ITBA/ITD, it is observed that the bank account of the assessee has been credited by cash deposit of Rs.39,30,000/- during demonetization period, the source of which is unexplained. Therefore, it is apparent that income chargeable to tax to the extent of Rs.39,30,000/- during demonetization period has escaped assessment within the meaning of section 147 of the Act."

The amount of Rs. 9,80,000/- on account of SBNs deposited, the assessee is found to be the owner of money about whose source the assessee has failed to offer justification duly supported with evidence about the acquisition of such money. Assessee's explanation is not satisfactory and,



therefore, this money is deemed to be the undeclared income of the assessee. Addition of Rs. 9,80,000/- is hereby made to the total income of the assessee u/s 69A of Income-tax Act, 1961 that is to be taxed @60% u/s 115BBE of the Act.

4. The assessee filed an appeal against the order of assessment before Ld. CIT(A) the said appeal of the assessee was dismissed by order dated 16.08.2024.

5. Against the impugned order dated 16-08-2024, the assessee filed an appeal and challenged the legality and validity of the order before this Tribunal.

(i) During the course of hearing, the Ld. A.R. of the assessee submitted that the sale proceed was deposited in the Bank. The deposited was treated income and tax levied in term of section 115BBE of the Act.

(ii) On the other hand, the ld. DR for the revenue relied on the judgements of the Ld. CIT(A) .

6. We have heard both the parties and perused the material available on record.

We note the addition was made by the AO u/s. 69A of the Act. as an unexplained money which was subsequently confirmed by the Ld. CIT(A). we note that before assessing Officer the assessee has submitted that the Assessee is dealing with retail trading of cottonseed, cotton, bhusha etc. the assessee also filed a return of income declaring income of Rs. 4,56,730/- and the income was accepted in the order of assessment. That the Ld. AR of the assessee submitted that cash deposit in the Bank account maintained with Porbandar Commercial Co-Op Bank Ltd. was out of by cash sales 52,48,000 sales were duly acceptable by the Ld. AO



and also accepted by the VAT authorities details of cash book sales vouchers and other relevant documents were submit before AO.

7. We note that no defect has been pointed out in the evidence furnished by the assessee there was no contrary evidence available on record. We find there is some force in the argument of the Ld. Counsel in order to get due justice. We disallowed 10% of the amount of cash deposit in the Bank account, since the same would take care of the inconsistencies, in the various documents and evidences submitted 5 before the lower authorities. Therefore, in order to plug the leakage of revenue, we direct the assessing officer to make addition at the rate of 10% of Rs. 9,80,000/- in the hands of assessee, which comes to Rs. 98,000/-.

8. Before parting, we hereby make it clear that since the assessee had explained the source of cash deposit, therefore, 10% addition of Rs.98,000/-, sustained by us, should be taxable under the normal rate of income-tax (not u/s 115BBE of the Act).

In the result, the appeal filed by the assessee is partly allowed.

Order pronounced in the open court on 28-10-2025.

**Sd/-
(A. L. SAINI)
ACCOUNTANT MEMBER**

**Sd/-
(DINESH MOHAN SINHA)
JUDICIAL MEMBER**

Rajkot
दिनांक/ Date: 28/10/2025

Copy of the Order forwarded to



1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

By Order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot