

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'B' BENCH, CHENNAI
श्री एस.एस. विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष
Before Shri S.S. Viswanethra Ravi, Judicial Member &
Shri Amitabh Shukla, Accountant Member

आयकर अपील सं./I.T.A. No.1738/Chny/2025
निर्धारण वर्ष/Assessment Year: 2017-18

Karthickeyan Sathya,
29/1, Bahavanendal Allinjyuendal
Manamelkudi Taluk, Pudukkottai,
Tamil Nadu 614 618.

Vs. The Income Tax Officer,
Ward 1,
Pudukkottai.

[PAN: CMMPS6162D]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri P.M. Kathir, Advocate
प्रत्यर्थी की ओर से/Respondent by : Ms. Gouthami Manivasagam, JCIT
सुनवाई की तारीख/ Date of hearing : 06.11.2025
घोषणा की तारीख /Date of Pronouncement : 12.11.2025

आदेश / O R D E R

PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:

This appeal filed by the assessee is directed against the order dated 19.04.2025 passed by the Id. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi for the assessment year 2017-18.

2. We find that this appeal is filed with a delay of 352 days. The assessee filed an affidavit for condonation of delay stating the reasons.

Upon hearing both the parties and on examination of the said affidavit, we find the reasons stated by the assessee are bonafide, which really prevented in filing the appeal in time. Thus, the delay is condoned and admitted the appeal for adjudication.

3. Ground Nos. 1 & 2 raised by the assessee are general in nature and requires no adjudication.

4. Ground Nos. 3 raised by the assessee is not pressed and dismissed accordingly as not pressed.

5. Ground Nos. 4, 5 & 6 raised by the assessee for our consideration as to whether the Id. CIT(A) is justified in confirming the addition made by the Assessing Officer under section 68 of the Income Tax Act, 1961 ["Act" in short].

6. It is noted that the Assessing Officer found cash deposits during demonetization period in Tamil Nadu Mercantile Bank and Corporation Bank to the tune of ₹.19,53,000/- and ₹.9,05,000/- respectively and in the absence of any plausible explanation, entire cash deposits made during demonetization period were added to the total income of the

assessee. The Id. CIT(A) confirmed the same by observing that cash sales and purchases are not verifiable.

7. Heard both the parties and perused the material available on record. It is noted that the assessee is engaged in sea food business since 2012 and all sales and purchases are made in cash. For non-submissions of the evidence supporting the sales and purchases, both the authorities below held the cash deposit is remained unexplained.

8. The Id. AR Shri P.M. Kathir, Advocate, by referring to page 95 of the paper book submits that the opening cash balance as on 09.11.2016 of ₹.34,94,245.41 was available with the assessee and that itself shows the explanation for cash deposits in the said two bank accounts during demonetization period. On perusal of the cash book filed at pages 93 to 110 of the paper book, it is noted that opening cash balance as on 01.04.2016 is at ₹.41,67,795.21 and the said cash book is maintained on day-today basis by showing opening balance and closing balance on daily basis. Further, the details of sea food sales and purchases, ice bar expenses and wages paid for sea food business are clear from the daily transaction reflecting in cash book. Similarly, on 09.11.2016, the opening balance was at ₹.34,94,245.41,

on which day, the assessee stated to have made cash deposits in bank during demonetization period. The Id. CIT(A) did not examine the cash book though it is on record, which is clear from page 13 of the impugned order. The Id. CIT(A) proceeded to confirm the said addition only on the reason that the total credit in banks were for the entire financial year are negligible credits when compared to turnover of sales and purchases at ₹.1,95,22,914/- and ₹.1,49,04,414/- respectively, but no discussion whatsoever is made by the Id. CIT(A) in this regard regarding availability of cash balance. The Id. AR submits that all transactions carried in the sea food business of the assessee towards purchases and sales are in cash and both the authorities must have given consideration. The Id. AR vehemently argued that no disallowance under sub-section (3) of section 40A of the Act shall be made with reference to sea food business under Rule 6DD(e)(iii) of Income Tax Rules. Further, the Id. AR vehemently argued that the accounts of the assessee were audited and the Assessing Officer, without rejecting the books of account, proceeded to disallow the cash deposit, which is unjustified. He submits that the assessee proved availability of cash and the addition made thereon is not warranted. He prayed to allow ground No. 4, 5 & 6 raised by the assessee.

9. On an examination of Rule 6DD(e)(iii) of IT Rules, we note that no disallowance under section 40A(3) of the Act shall be made, where, payment is made in cash for the purpose of fish or fish products. Thus, we find force in the arguments of the Id. AR that the assessee is entitled to carry his business in fish or fish products in cash. The observation of the Id. CIT(A) about the cash credits from 12.09.2013 to 06.10.2017 and 01.05.2016 to 31.03.2017 are negligible with reference to sales turnover and purchases. The Id. AR placed on record the chart containing turnover of sea food business of the assessee for 2015-16 to 2021-22. On perusal of the same, we find for AY 2015-16 and 2016-17, the turnover are Rs.92,31,537/- and Rs.1,56,69,741/- respectively, shows matching turnover in the year under consideration. Further, for subsequent assessment years for AY 2018-19, 2019-20, we find the matching turnover with reference to findings of the Id. CIT(A) in page 13 of the impugned order. Therefore, the findings of the Id. CIT(A) in observing the cash credit from 2013 onwards in the two bank accounts of the assessee are negligible with reference to sea food business turnover is incorrect. Admittedly, it was explained the said turnover was accepted by the Revenue for all along from 2015-16 to 2021-22.

10. On perusal of the audit report placed at page 4 to 13 of the paper book, wherein, it clearly shows under Col. 11(b) that cash book was examined, we find no adverse remark offered by the Id. CIT(A). The said cash book is available during the first appellate proceedings as mentioned by the Id. CIT(A) at page 13 of the impugned order. Further, the books of accounts were audited and the Id. CIT(A) could not find any mistake. Therefore, we find force in the arguments of the Id. AR that the Assessing Officer could not have made addition under section 68 of the Act when no books of accounts were rejected with reference to the cash book by the Assessing Officer/Id. CIT(A). Therefore, we reverse the findings of the Id. CIT(A) and addition made thereon under section 68 of the Act by the Assessing Officer is deleted. Thus, ground Nos. 4, 5 & 6 are allowed.

11. Ground No. 7 raised by the assessee in challenging the action of the Id. CIT(A) in confirming the addition on account of unexplained agricultural income.

12. It is noted that the assessee furnished details of land ownership in vernacular language and placed at page 40 to 47 and true translation in English at pages 48 to 55 of the paper book. On

examination of the same, it is noted that the assessee is having dry land and we land vide patta Nos. 29, 36, 37, 38, 39, 40, 42 & 4269. In support of the same, we find the certificate issued by the Village Administrative Officer, placed at pages 78 & 79 of the paper book, stating that the assessee is having patta for the land totalling to the extent of 62.82 acres, corresponding to Fasli Year 1426 (2017). We find no dispute with regard to the same by the Id. DR. Further, another extent of dry land of 1-1.00 hectares at page 61 of the paper book, wherein, according to the VAO certificate at page 63 of the paper book, clearly mentioned that the assessee earned an income of ₹.5,00,000/- on coconut farming. Further, on perusal of page 112 of paper book, which is confirmation letter dated 06.09.2025 issued by Proprietor of Manikandan Traders confirming payment of Rs.16,00,000/- via RTGS on 12.12.2016 and cash of Rs.15,644/- on 18.03.2017 for the purpose of purchase of paddy. Therefore, the findings of the Id. CIT(A) that there was no evidence at all supporting the agricultural income, in our opinion, is not justified. We find no dispute in respect of this also in this regard by the Id. DR. Admittedly, these evidences were not placed before the Assessing Officer during the course of assessment proceedings, but, however, those were submitted as additional

evidence before the Id. CIT(A). The Id. CIT(A) sought for remand report from the Assessing Officer and the Assessing Officer requested not to admit the same since the assessee failed to explain the reasons as to why those were not furnished during the course of assessment proceedings. The Id. CIT(A) should have considered the VAO's certificate for agricultural income and income from coconut farming in earning of net agricultural income of ₹.21,90,120/-.

13. Before us, the Id. AR filed details of income offered by the assessee for earlier AY's 2015-16 & 2016-17 and subsequent AYs 2018-19, 2019-20, 2020-21 and 2021-22 at pages 113 to 137 of the paper book, wherein, it is noted that the assessee offered agricultural income approximately more or less compared to the agricultural income offered in the year under consideration. Therefore, we find no contrary evidence for disallowance of agricultural income in the year under consideration on record, and thus, we find the order of the Id. CIT(A) on this issue is not justified in confirming the addition made by the Assessing Officer towards unexplained agricultural income. Accordingly, we direct the Assessing Officer to allow agricultural income offered by the assessee. Thus, ground No. 7 raised by the assessee is allowed.

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

Order pronounced on 12th November, 2025 at Chennai.

Sd/-
(AMITABH SHUKLA)
ACCOUNTANT MEMBER

Sd/-
(S.S. VISWANETHRA RAVI)
JUDICIAL MEMBER

Chennai, Dated, 12.11.2025

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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