

आयकर अपीलीय अधिकरण न्यायपीठ “एक-सदस्य” मामला रायपुर में

**IN THE INCOME TAX APPELLATE TRIBUNAL  
RAIPUR BENCH “SMC”, RAIPUR**

**श्री पार्थ सारथी चौधरी, न्यायिक सदस्य के समक्ष  
BEFORE SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER**

**आयकर अपील सं./ITA No.494/RPR/2025  
निर्धारण वर्ष / Assessment Year: 2022-23**

Tikamchand Sahu,  
AINTHAPALI IMFL OFF  
Shop, Sambalpur, Odisha,  
768004  
PAN: HEJPS3794R

.....अपीलार्थी / Appellant

**बनाम / V/s.**

Income Tax Officer,  
Near Trimurty Colony,  
Raipur Road, Mahasamund,  
Chhattisgarh, 493445

.....प्रत्यर्थी / Respondent

Assessee by : None (Adjournment Application)

Revenue by : Dr. Priyanka Patel, Sr.DR

सुनवाई की तारीख / Date of Hearing : 17.11.2025

घोषणा की तारीख / Date of Pronouncement : 18.11.2025

**आदेश / ORDER****PER PARTHA SARATHI CHAUDHURY, JM**

The captioned appeal preferred by the assessee emanates from the order of the Ld.CIT(Appeals)/NFAC, Delhi dated 11.07.2025 for the assessment year 2022-23 as per the following grounds of appeal:

“1. For that under the facts and circumstances of the case, the assessment as made and completed u/s.143(3) r.w.s. 144B of the 1.T. Act. is arbitrary, unlawful and unjustified. As the assessee has furnished all the books of accounts in response to the notices and the assessee had also furnished all the required information and documents as per requirement to prove the genuineness of the transactions of unsecured loan. The AO was not justified and had made error in making addition of Rs. 14,30,000/- as unexplained cash credit u/s 68 stating that the creditworthiness of persons and the genuineness of the transactions has not been proved by the assessee. Copy of the Bank Statement, Confirmation of accounts, and 1. Tax Return copy was furnished before the AO during the assessment proceedings, which were not considered by the AO.

2. For that under the facts and circumstances of the case, the AO was not justified and erred in making addition u/s.68 without considering and appreciating the evidences and explanation furnished before the AO.

3. For that under the facts and circumstances of the case, the disallowances of expenditure as made by the AO to the amount of Rs.3,62,890/-(10% of the Expenses of Rs.36,28,907/-) is arbitrary, unlawful, unjust and excessive. The disallowance so made by the AO

*for possible leakage of revenue is unjust, arbitrary, and bad-in-law and baseless.*

4. *For that under the facts and in the circumstances of the case, the Order u/s.250 of the I.T. Act. as made by the Commissioner of Income Tax (Appeals), NFAC, Delhi is arbitrary, unreasonable, unlawful, uncalled for and unjustified as the CIT(A) without applying his mind and without going through the fact and without going through the grounds of appeal and the assessment order had just passed the order abruptly by sustaining the addition and also by enhancing the addition of the disallowances of expenditure and dismissing this issue raised in the appeal.*

5. *For that under the facts and in the circumstances of the case, the disallowances of expenditure as made by the AO @ 10% of the total expenditure was restricted wrongly by the CIT(Appeal) to 5 15% from 20% of disallowances whereas the disallowances of expenditure as made by the AO is 10% which is highly excessive, baseless and arbitrary and had been made on ad-hoc basis without rejecting the books of accounts.*

6. *For that under the facts and in the circumstances of the case the return of income filed by the assessee should have been accepted by the AO.”.*

**2.** At the time of hearing, none appeared on behalf of the assessee. That as evident from the order sheet entries, the matter is going on since 16.03.2025 and there has been several occasions, in which, the assessee was provided opportunities of hearing. The matter was posted for hearing 16.03.2025, 23.09.2025, 07.10.2025, 13.10.2025, 04.11.2025 and finally on 17.11.2025, when the matter was called for hearing, the assessee was

again absent. That inspite of reasonable opportunities being provided to the assessee for hearing there was no compliance from the assessee. The prolonged process of litigation and providing adjournment unnecessarily delays the process of justice which hampers the trust of the litigants in the judicial process. The fact of the matter remains that all the communications regarding hearing of this matter had been duly communicated to the assessee in his registered address. The Hon'ble Supreme Court in the case of ***Ishwarlal Mali Rathod vs. Gopal and Ors., passed in Special Leave Petition (Civil) Nos. 14117-14118 of 2021 order dated 20.09.2021*** held and observed that as on today the judiciary and the justice delivery system is facing acute problem of delay which ultimately affects the rights of the litigants to access to justice and speedy trial. Arrears are mounting because of such delay and asking of repeated adjournments by the advocates and mechanically and in routine manner also been granted by the Courts. That such delay in access to justice and not getting the timely remedy may shake the trust and confidence of the litigants and the justice delivering system, therefore, the Hon'ble Apex Court has directed specifically that the adjournments should not be granted in a routine manner and mechanically and such grant of adjournment by the Courts should not be a cause of delay in dispensing justice. In the present matter, sufficient opportunities of hearing have already been provided to the assessee, however, the assessee failed to comply with such hearing notices. Further, all the communications have

been made to the registered address, which has been provided by the assessee. In these facts and circumstances any further delay in disposing this matter would ultimately result in hindrance of justice and therefore, as per the aforesaid direction of the Hon'ble Apex Court (supra), I proceed to hear this matter after recording the submissions of the Ld. Sr. DR and on careful consideration of all the documents on record.

**3.** The assessee had filed a written statement, wherein, he contends that the PAN of the assessee comes under the Orisha jurisdiction of ACIT Circle Rourkela and, therefore, the appropriate forum is not the ITAT Raipur Bench. The said submissions are extracted as follows:

Hon'ble Sir,

The humble petition of the aforesaid appellant  
Most respectfully sheweth .

That the aforesaid appeal was filed on 25.08.2025 for the Asst. year – 2022-23. While filling the appeal before the Hon'ble ITAT , Raipur Bench, the PAN of the appellant was under Mahasamund Jurisdiction and as such the appeal was filed before the Hon'ble ITAT , Raipur Bench, Raipur. Now verifying the Jurisdictional AO for the PAN of the appellant its shows the PAN of the appellant is under the Jurisdiction of ACIT, Circle Rourkela. Thus the PAN comes under the Odisha Jurisdiction .

Further the appellant begs to submit that the appellant belongs to the Sambalpur and having his Jurisdiction AO at Rourkela and the AR of the appellant is at Cuttack. In that case since the PAN of the appellant belongs to Odisha, the appellant begs to kindly transfer the appeal No. ITA/494/RPR/2025 to Hon'ble Income Tax Appellate Tribunal, Cuttack Bench, Cuttack.



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In the circumstances, the petitioner requests your Honour to kindly look into the matter and do the needful.

For this act of your kindness the appellant shall ever pray and oblige .

Cuttack  
01/11/2025

By the Petitioner, through

  
**Adv. Mohit Sheth**  
Mob : 9437027821  
E-mail- mohitbhaisheth@gmail.com


**Note :**

**Copy of the proof the PAN & Taxpayers Jurisdiction is attached herewith.**

**CC to -**

**The Hon'ble President, Income Tax Appellate Tribunal , Mumbai.**

4. That a report was called for from the Department on the correctness of this application filed by the assessee. The Ld. Sr. DR had written to the AO and the said report has been placed before this Bench, which is extracted as follows:

 भारत सरकार विलत मंत्रालय : राजस्व विभाग कार्यालय आयकर अधिकारी त्रिमूर्ति कॉलोनी के पास, रायपुर रोड, महासमुन्द (छ.ग.) . 493445	Government of India Ministry of Finance: Department of Revenue Office of the Income Tax Officer, Mahasamund Near Trimurti Colony, Raipur Road, Mahasamund (C.G.) - 493445 Email ID : mahasamund.ito@incometax.gov.in
F.No.ITO/MSMD/Misc./ITAT/2025-26/	
Dated: 14/11/2025	

To  
The Joint Commissioner of Income tax (ITAT)  
Income Tax Appellate Tribunal, Raipur Bench,  
Raipur

Madadm,

Subject: Submission of Report in the case of Tikamchand Sahu ITA -  
494/RPR/2025 A.Y. 2022-23- Regarding

Ref: Your office letter in F.No. JCIT-ITAT/RPR/Report/2025-26 dated  
12/11/2025


Kindly refer to above subject.

2. In this connection, the factual report in reference to the comments of the note  
sheet dated 04/11/2025 by the Hon'ble ITAT Bench, Raipur, is submitted as  
under:

- (i) The assessee filed his return of income for A.Y. 2022-23 on 26/09/2022  
which was selected for scrutiny under CASS. The assessment u/s 143(3) was  
completed by the Faceless Assessment Unit on 21/03/2024. The assessee  
preferred an appeal before the CIT(A), who dismissed the appeal of the  
assessee.
  - (ii) While giving effect to the order of the Ld. CIT(A) , dated 28/07/ 2025 it was  
come to the notice that the latest return of income of the assessee for A.Y.  
2025-26 was filed by the assessee with the following address:  
Panchgaon IMFL OFF shop,  
Panchgaon, Belpahar, Jharsuguda  
Odisha-768217,
  - (iii) As the assessee was no longer carrying out business/activity within the  
jurisdiction of this office which is evident from the latest return of income, a  
proposal was sent to the Pr. Commissioner of Income tax-1, Raipur vide this  
office letter dated 11/08/2025 proposing to transfer the PAN of the case to the  
Jurisdictional Assessing Officer, i.e ACIT/ DCIT, Circle, Rourkela, Odisha, as  
per the latest return of income. Thereafter, an order u/s 127 of the Act was  
passed by Hon'ble PCIT-1, Raipur vide his order 06/10/2025 . Accordingly,  
PAN of the case was transferred to the ACIT/ DCIT, Circle, Rourkela, Odisha  
on 06/10/2025. A copy of jurisdiction history details extracted from ITBA  
system of the Department of is enclosed herewith for your kind reference.
3. It is submitted that the PAN of the assessee was lying with this office at the  
time of assessment and when the assessment was completed on 21/03/2024 by  
faceless unit. But, the same was transferred to ACIT/ DCIT, Circle, Rourkela as the  
assessee is presently carrying out his business at Panchgaon, Belpahar,  
Jharsuguda, Odisha.

Encl. as above

Yours faithfully,

  
(Mochan Meher)  
Income Tax Officer, Mahasamund

11/14/25, 11:42 AM

**ITBA ~ PAN**  
INCOME TAX BUSINESS APPLICATION

A- A A+

PAN Jurisdiction

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**PAN Jurisdiction**

PAN HEJPS3794R

PAN Jurisdiction

PAN	Name	Area
HEJPS3794R	TIKAMCHAND SAHU	BHUBANESWAR

PCCIT Details	PCCIT Code	PCCIT Name
	BBN-1	PCCIT, ODISHA

CCIT Details	CCIT Code	CCIT Name
	BBN-1	

CIT Details	CIT Code	CIT Name
	BBN-2	PCIT, Sambalpur

Range Details	Range Code	Range Name
	BBN-9	JL CIT, RANGE ROURKE

AO Details	AO Code	AO Name
	BBN-C-9-B	ACIT,CIRCLE ROURKEI

Building Details	Building Code	Building Name
	RKL01	AAYAKAR BHAWAN

Transfer History Details

S.No	PAN	Transfer From	Transfer To	Transfer Order No.	Transfer Date
1	HEJPS3794R	WARD MAHASAMUNDI	ACIT,CIRCLE ROURKELA	200002072816	06/10/2025

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5. It is noteworthy as per the aforesaid report of the Department that the PAN of the assessee was with the ITO-Mahasamund when the assessment was completed on 21.03.2024 by the faceless unit. However, the same was transferred to ACIT/DCIT Circle, Rourkela, since, the assessee was presently carry out his business at Panchgaon, Belpahar, Jharsuguda, Orisha. In effect, the situs of the AO was at Chhattisgarh *i.e.* with ITO- Mahasamund, when the relevant assessment was completed. That even in the Form-35, which is placed in the appeal memo, the address of assessee at the time of assessment for AY 2022-23 was with ITO-Mahasamund, since the assessee was himself residing at Mahasamund. The relevant extract of the personal information as found in Form-35 is extracted as follows:

Personal Information :	
Name of Entity	TIKAMCHAND SAHU
PAN	HEJPS3794R
TAN	-
Address	S/o Khik Ram Sahu, Ward No.4MAHASAMUN D, Chhibara, Pithora S.O, Chhattisgarh, INDIA, 493551
Mobile No.	8120303255
STD code	
Landline No.	
Email Address	tsahu6841@gmail.com
Whether notices/communication may be sent on email?	-

**6.** That since, during the relevant assessment year, the assessee was residing in the State of Chhattisgarh and his PAN was with ITO-Mahasamund, the situs of the AO established and he had rightly framed the assessment, therefore, for this relevant assessment year the jurisdiction as correctly placed before the ITAT, Raipur (C.G.)

**7.** Coming to the merits of the matter, the Ld. CIT(A)/NFAC had upheld the addition of Rs.14,30,000/- as unexplained credit u/s 68 of the Act stating that the creditworthiness of person and genuineness of the transaction has not been proved. The Ld. CIT(A)/NFAC held as follows:

*“7.2.3.....In the instant case, the appellant has only submitted the bank account of both the creditors*

*and the ITR with respect to Shri Jai Hanuman Store. This evidence alone is insufficient to satisfy the requirements of Section 68, as detailed below:*

*1. Identity of the Creditor*

*Merely providing a bank statement does not establish the identity of the lender. A proper identification includes PAN, address, confirmation letter, certificate of incorporation (in case of companies), and other relevant KYC documents. In the absence of these documents, identity remains unverified.*

*2. Creditworthiness of the Creditor*

*A bank statement shows movement of funds but does not prove that the lender has the financial capacity to give the loan. Creditworthiness must be established through the Income tax returns of the lender, Financial statements and the details of source of funds. Without such documents, the appellant fails to prove the lender's capacity, especially if the bank statement shows only accommodation entries or circular transactions.*

*3. Genuineness of the Transaction*

*Genuineness requires the appellant to prove that the transaction is real and not fictitious or accommodation in nature, there is a valid loan agreement, interest is paid and accounted for and repayment terms are defined and adhered to. A bank statement does not by itself establish the intention, terms, or purpose of the transaction.*

*To conclude, the mere reflection of the loan amount in the bank statement does not establish the identity, creditworthiness, or genuineness of the transaction. Accordingly, the Assessing Officer is justified in treating the loan amount as unexplained cash credit under Section 68 and making the relevant addition to the appellant 's income. I rely on the decision of Hon'ble Supreme Court in the case of Commissioner of Income-tax v. P.*

*Mohanakala [2007] 161 Taxman 169 (SC), where it has been held that the satisfaction of the Ld. AO is crucial and his view should not be disturbed unless perverse. It has also been held that just because the money was received through a bank, that does not automatically prove genuineness. If the AO finds surrounding circumstances suspicious or evidence lacking, he is not bound to accept such explanation.*

*Based on the above discussion, Ground No. 2 is Dismissed.”*

8. I have carefully considered the assessment order, the order of the Ld. CIT(A)/NFAC, the submissions of the Ld. Sr. DR and documents on record and have analyzed the facts and circumstances of this case.

9. That regarding the addition u/s 68 of the Act as unexplained cash credit and as per the findings of the Ld. CIT(A)/NFAC, he has simply on summary basis had upheld the findings of the AO without specific enquiry and examination regarding the facts of this case. He has simply accepted the findings of the AO without bringing his own reasoning for upholding the said addition. The Ld. CIT(A)/NFAC needs to provide independent application of mind and come out with a speaking order in terms of section 250(4) & (6) of the Act. The order, therefore, is not in terms with the principles of substantive justice, which needs to be applied by any *quasi judicial* body. The Ld. CIT(A)/NFAC has relied upon the decision of Hon'ble Apex Court in the case of **Commissioner of Income-tax vs. P. Mohanakala [2007] 161 Taxman 169 (SC)**, but how that case law is relevant to the present facts of the case of the assessee has not been spelt

out through reasoning of the Ld. CIT(A)/NFAC. Therefore, in the interest of justice and fairness, I set-aside this issue and remand the same to the file of the Ld. CIT(A)/NFAC to pass order as per law complying with the provisions of the Act. Accordingly, grounds No. 1 and 2 stands allowed for statistical purposes.

**10.** Regarding ground No. 3 and 5, the assessee contends there has been an ad-hoc addition by the AO at Rs.7,25,781/- being 20% of the following expenses as claimed in the P/L account, the same is extracted as follows:

S. No.	Expenditure	Amount
1	Labour charges	3,74,445/-
2	Transport	7,62,723/-
3	Salary	9,90,000/-
4	Staff Salary	3,96,000/-
5	Shop Rent	8,85,000/-
6	Staff fooding expenses	2,20,739/-
	Total	36,28,907/-

**11.** That as per the Ld. CIT(A)/NFAC, the assessee had submitted that he is running a liquor shop of country made liquor and in this business he has to make various payments in cash, like, payment to labour, salary to staff, rent, food to staff all these expenses cannot be made through

banking channel. Ld. CIT(A)/NFAC had found force in the submission of the assessee and had restricted the disallowance @15% and accordingly, an amount of Rs.5,44,336/- was retained as disallowance and added in the hands of the assessee.

**12.** That in the entire finding of the Ld. CIT(A)/NFAC, he has not given justification for restricting the ad-hoc disallowance from 20% to 15%, he has not brought out any facts analyzing P/L account of the assessee, why the disallowance @20% was made in the first place by the AO was whether it correct or not. There was no enquiry conducted and nothing has been brought on record regarding any independent application of mind by the first appellate authority. I am, therefore, of the considered view that such adjudication on this issue is based on guess work and surmises only and there cannot be any tax imposed on the assessee on the basis of mere suspicion and guess work. The Ld. CIT(A)/NFAC has power co-terminous with that of the AO and, therefore, could have independently enquired into these facts emanating from the P/L account in order to justify its decision. That since, the Ld. CIT(A)/NFAC had summarily dismissed the appeal of the assessee on mere suspicion and since the order passed is not based on reasoning and enquiry it therefore derives character of a perverse order, arbitrary bad in law, accordingly, the findings of the Ld. CIT(A)/NFAC on this addition is set-aside and accordingly, grounds No. 3 and 5 stands allowed.

13. Grounds No. 4 and 6 are general, hence, requires no jurisdiction.
14. In the combined result, the appeal of the assessee is **partly allowed for statistical purposes.**

Order pronounced in open court on 18<sup>th</sup> day of November, 2025.

Sd/-  
**(PARTHA SARATHI CHAUDHURY)**  
न्यायिक सदस्य/JUDICIAL MEMBER

रायपुर / Raipur; दिनांक / Dated : 18<sup>th</sup> November, 2025.  
HKS, PS

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(Appeals)-1, Raipur (C.G.)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "एक-सदस्य" बेंच, रायपुर / DR, ITAT, "SMC" Bench, Raipur.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

//True copy//

Private Secretary  
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur