

IN THE INCOME TAX APPELLATE TRIBUNAL "B" BENCH, KOLKATA

**BEFORE SHRI RAJESH KUMAR, AM
AND
SHRIPRADIP KUMAR CHOUBEY, JM**

**ITA No.1239/KOL/2025
(Assessment Year: 2017-18)**

**Jayanta Fanzen Lighting
Industries Private Limited**
2F Destiny Tower, 2nd Floor,
Chinar Park, Barabazar,
Kolkata-700007, West Bengal

(Appellant)

Vs.

ACIT, Circle 10(1)
Aayakar Bhawan P-7,
Chowringhee Square,
Kolkata-700069, West Bengal

(Respondent)

PAN No. AABCJ6752E

Assessee by : Shri Giridhar Dhelia, AR
Revenue by : Shri Dipu Koley, DR

Date of hearing: 28.10.2025
Date of pronouncement: 19.11.2025

ORDER

Per Rajesh Kumar, AM:

This is an appeal preferred by the assessee against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 07.04.2025 for the AY 2017-18.

02. The only issue raised by the assessee on the various grounds of appeal is against the confirmation of addition by the Id. CIT (A) of ₹1,70,63,000/- as made by the Id. AO u/s 69A of the Act on account of cash deposit.
03. The facts in brief are that the assessee filed the return of income on 26.10.2017, declaring income of ₹9,17,340/-. The case of the assessee was selected for complete scrutiny through Computer

Assisted Scrutiny Selection (CASS) on account of large cash deposits and abnormal increase in sales with decrease in profitability. Accordingly, notice u/s 143(2) and 143(1) of the Act along with questionnaire were issued calling for various documents/ evidences from the assessee to prove the source of cash deposits. The Id. AO noted that during the course of assessment proceedings, the assessee has deposited of ₹1,70,60,000/- in two bank accounts namely Axis Bank , Ballbharh of ₹ 99,80,000 and Karur Vyasya Bank, Merrut Br. of ₹70,83,000/-. The Id. AO noted that the deposits made in the Axis bank account , Balbharh were inclusive of ₹35,80,000/- deposited into the bank during demonetization period. The assessee when did not respond to the various notices issued by the Id. AO, the amount of cash deposited into the bank account was treated as unexplained money u/s 69A of the Act and added to the income of the assessee in the assessment framed.

04. Thereafter, the assessee challenged the order before the Id. CIT (A), who also dismissed the appeal of the assessee after taking into consideration the contention/ submissions along with evidences and also the remand report called for by the Id. CIT (A) during the appellate proceedings.
05. After hearing the rival contentions and perusing the materials available on record, we find that undisputedly the assessee was non-compliant during the assessment proceedings by not responding to the various notices issued to the assessee and therefore, the cash deposited during the year including the cash deposited of ₹35,80,000/- during demonetization period was treated by the Id. AO as unexplained money u/s 69A of the Act. We note that during the appellate proceedings, the assessee furnished before the Id. CIT (A)

all the evidences explaining the cash deposited into the two bank accounts by way of additional evidences filing including the bank account statement showing the withdrawals of cash made from the bank account and also audited financial statements, ITR, tax audited report, summary of data wise cash withdrawals from the bank account and explanation of cash deposited into the bank accounts by explaining the source out of cash in hand, which was accumulated out of cash withdrawals. The Id. CIT (A) referred the matter to the Id. AO for examination and verification by calling of remand report which was submitted on 07.03.2025. The Id. CIT (A) after taking into account the remand report dismissed the appeal of the assessee by ignoring the fact that JAO has accepted the source of cash deposits into the bank accounts as duly explained by the assessee. The Id. CIT (A) noted in Para no.5.3.3. of the appellate order that JAO has accepted the assessee stance of withdrawal of cash amounting to Rs. 1,30,83,000/- from its banks on various dates during pre-demonetization and Rs. 1,00,000/- during post-demonetization period as available source of money of cash deposited of ₹1,33,33,000/- and Rs 1,50,000/-. However, the Id. CIT (A) rejected the remand report on the ground that JAO has not raised any query about the purpose of withdrawals and assessee again depositing the money into the bank accounts and thus confirmed the addition. In our opinion, when the Id. AO has accepted the explanation of the assessee on the basis of evidences explain the source of cash by the assessee to be out of withdrawals from the bank accounts of the assessee made during pre-demonetization and post-demonetization period, the action of the Id. CIT (A) in dismissing the remand report without assigning any reason is wrong and cannot be sustained. In our opinion, the assessee has duly explained the money by referring to the withdrawals from the

banks accounts, cash book and statement showing withdrawals and deposits into the bank accounts. The assessee also submitted before us the details of summary of cash withdrawals and deposits to corroborate the fact that the deposits of cash were out of assessee's own withdrawals and not from any outside sources. Ld. AR in support of his arguments relied on a series of decisions as under:

- i) Joginder Kaur vs ITO (2024) 169 taxmann.com 90(Amritsar)
- ii) Jaspal Singh Sehgal vs ITO, 47 ITR (T) 193 (Mum)
- iii) Ajaya Data vs ACIT (2025) 171 taxmann.com 308 (Jaipur)

06. In the case of Joginder Kaur vs ITO (2024) 169 taxmann.com 99 (Amritsar), the Co-ordinate Bench has held that where the assessee has submitted the details of cash summary showing inflow and outflow cash in the relevant year to show that cash has been withdrawn and redeposited, then the assessee was to be allowed the benefit of redeposit and the impugned addition deserved to be deleted. For the sake of brevity, the relevant findings of the Tribunal are reproduced as under:

"12. We have heard both the counsels at length and considered all the materials on record including the paper book and synopsis filed by the assessee and the various judicial citations referred to by the assessee.

12.1 We proceed to decide the issue on the merits of the case as contained in ground no 6 of the memorandum.

12.2 We find that the dispute regarding sale of land vide an agreement of sale dated 10/04/2008 , executed by the assessee and her family members and consequent receipt of sale proceeds by cash and cheque, on various dates during the FY 2008-09 as narrated by the AO in the assessment order (page -2 and 3 / para - 2), and also narrated by the Ld. CIT (A) in his appeal order, are factual events that has occurred in the FY 2008-09 (relevant to the A.Y. 2009-10) , and are issues to which we are not concerned at the moment, because it does not relate to the year under appeal . 12.3 We only focus on the financial transactions in the bank account of the assessee in PNB Gramin Bank , for the financial year 2009-10 (Asst year 2010-11) the relevant year under appeal. We find on reading of the bank statement, that the opening balance brought forward on 1st April 2009 is 20. 30 lakhs , and there has been subsequent

credit in the said account vide bank transfers (other than cash), to which neither the AO nor the Ld CIT(A) has raised any queries at any stage. Subsequently, the assessee has withdrawn cash from the said bank account on various dates within the financial year, as date wise reflected in the cash flow statement furnished by the assessee, and it is seen that sufficient cash balance are available with the assessee on the date of deposit of cash in the bank account in the month of March 2010 and as per contention of the assessee it is the same cash that has been redeposited. We also agree with the argument of the Ld AR, that it is not the case of the department that cash withdrawn by the assessee from PNB Gramin bank, during the period April 2009 till January 2010, (as reflected in bank account) has been invested or spent somewhere else or has been utilized elsewhere . In absence of any such adverse finding, the benefit of cash availability cannot be denied to the assessee.

13. As such considering all factual circumstances, and considering the transactions of cash withdrawn from the same bank account by the assessee during the same financial year we allow the assessee the benefit of redeposit, in absence of any findings regarding the utilization of the said cash drawn elsewhere, and we direct the addition of Rs.62,18,200/- to be deleted.

13.1 Since we have already decided the issue on merits of the case, in favour of the assessee, the other legal grounds taken by the assessee becomes academic and as such we are not adjudicating on the same.

14. In the result, the appeal of the assessee."

07. Similarly, in the case of Ajaya Data vs ACIT (2025) 171 taxmann.com 308 (Jaipur), the Co-ordinate Bench has held as under:

6. We have considered the rival submissions as well as the relevant material on record. We note that the only issue in this ground is whether the Ld. CIT(A) is justified in not allowing set off of cash considered unexplained by him against the cash withdrawal of Rs.4,72,000/- made from M/s Vijay Industries between 05.04.2014 to 20.04.2015. We note that no document is found in search to come to a conclusion that the amount withdrawn by the assessee from M/s Vijay Industries has been utilized elsewhere. There is no law which prohibits an assessee to keep cash in hand and therefore only because assessee has not given explanation as to why the cash was withdrawn, when he has withdrawn the cash earlier also cannot be a ground to reject the explanation of assessee. In various cases referred above, it has been held that where no evidence is brought on record that cash withdrawal has been utilized elsewhere, such cash should be considered as available with the assessee. Considering all these facts, we direct the AO to delete the addition of Rs.4,28,830/- made by him."

08. Considering the facts of the assessee in the light of the aforesaid decisions, we are inclined to set aside the order of Id. CIT (A) and

direct the Id. AO to delete the addition, after holding that assessee has duly explained the source of cash deposit.

09. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 19.11.2025.

Sd/-
(PRADIP KUMAR CHOUBEY)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 19.11.2025

Sudip Sarkar, Sr.PS

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar
Income Tax Appellate Tribunal, Kolkata