

**IN THE INCOME-TAX APPELLATE TRIBUNAL, SURAT BENCH, SURAT
BEFORE SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER &
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.566/SRT/2025

Assessment Year: (2017-18)

(Hybrid hearing)

Mahamedsuhel Abdulkadir Kaduji, Mota Chakla Kavi, Jambusar, Bharuch – 392170, Gujarat	Vs.	ITO, Ward – 1(1), Bharuch
स्थायी लेखासं./जीआइआरसं./PAN/GIR No: AMIPK5119Q		
(Appellant)		(Respondent)

Appellant by	Shri Mukund Rao, AR
Respondent by	Shri Ajay Uke, Sr. DR
Date of Hearing	04/09/2025
Date of Pronouncement	26/11/2025

आदेश / ORDER

PER BIJAYANANDA PRUSETH, AM:

This appeal by the assessee emanates from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'the Act'), dated 19.03.2025 by the Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [in short, 'CIT(A)'] for the assessment year (AY) 2017-18.

2. The grounds of appeal raised by the assessee are as under:

"1. On the facts and in the circumstances of the case and in law, the Learned Commissioner of Income Tax (Appeals) -NFAC erred in confirming the addition of Rs.6,25,000/- under section 69A of the Income Tax Act, 1961, by treating the same as unexplained cash deposits, without properly appreciating the explanation and documentary evidences submitted by the Appellant.

2. Delete the addition of Rs.6,25,000/- made under section 69A of the Income Tax Act, 1961, and Grant such other and further reliefs as may be deemed fit and proper in the interest of justice.

3. The Appellant craves leave to add, alter, amend, or withdraw any of the above grounds at the time of hearing.”

3. Brief facts of the case are that the assessee did not file his return of income for AY 2017-18 either u/s.139(1) or u/s.139(4) of the Act. In this case, the information was received that the assessee had made substantial cash deposits in his bank account during the year. Since the assessee did not file the return of income for the relevant AY disclosing the cash deposits made in the bank account, therefore, case of the assessee was reopened for assessment u/s.147 of the Act and notice u/s.148 of the Act was issued on 23.03.2021 requiring the assessee to file the return of income. However, return of income was not filed by the assessee in response to notice u/s.148 of the Act.

4. Subsequently, Assessing Officer (in short, 'AO') issued notices u/s.142(1) of the Act, calling for various details and documentary evidence regarding cash deposits made in the bank account. In compliance, assessee furnished submissions and on perusing the same, the AO observed that the assessee maintained account with Bank of Baroda, bearing No.08400200000036. He made cash deposits of Rs.6,25,000/- in the said bank account during the year. The AO further observed that out of total cash deposits of Rs.6,25,000/-, an amount of Rs.3,48,500/- was deposited in old currency notes of Rs.500/- and Rs.1,000/- on 14.11.2016. However, assessee could not explain the nature and sources of cash deposits satisfactorily; therefore, the aforesaid cash deposits of Rs.6,25,000/- were treated

as 'Unexplained money' u/s.69A of the Act. Further, during assessment proceedings, the assessee had furnished computation of his income wherein business income amounting to Rs.46,337/- had been declared. AO also added the same to the total income of the assessee. Accordingly, the AO passed the assessment order u/s.147 r.w.s 144 r.w.s 144B of the Act on 26.03.2022 determining the total income of the assessee at Rs.6,71,337/-.

5. Aggrieved by the order of AO, the assessee preferred appeal before the CIT(A). The CIT(A) issued several notices to the assessee. However, no response was received from the assessee. He adjudicated the appeal of the assessee after considering the grounds of appeal, statement of facts and the assessment order and confirmed the addition made by AO. Accordingly, he dismissed the appeal of the appellant.

6. Aggrieved by the order of CIT(A), assessee filed present appeal before the Tribunal. The learned Authorized Representative (Id. AR) of the assessee submitted that the appellant is carrying on business of foreign money transfer in the name and style of M/s. Kaduji Telecom, as an agent of M/s. Wall Street Finance Ltd. During the year under consideration, the appellant received and transferred funds to the tune of Rs.1,35,57,543/- and earned commission of Rs.43,723/-. The appellant is a money changer and received funds from M/s. Wall Street Finance Ltd. from abroad, which he disburses to various people, to whom money has been

sent from abroad. There were regular deposits and withdrawals from the bank account and the appellant withdrew the money from the bank for disbursement of the same. Hence, the appellant normally had sufficient cash balance available with him. The Id. AR submitted a paper book containing copy of reply in response to show cause notice of AO, copy of bank statement of Bank of Baroda A/c. No. 08400100002115 & 08400200000036, cash book of M/s. Kaduji Telecom, photocopy of cheque amounting Rs.80,017, agent receipts and Aadhar card/election card, copy of assessment order. The Id. AR further submitted that on perusal of the cash book and bank statements, it is clear that the money deposited in the bank account were amounts withdrawn from the bank. In view of the same, the Id. AR has requested to delete the addition of Rs.6,25,000/- made u/s.69A of the Act.

7. The learned Senior Departmental Representative (Id. Sr. DR) for the revenue supported the orders of lower authorities. He submitted to uphold the order of the CIT(A).

8. We have heard both the parties and perused the materials available on record. The assessee was engaged in the business of money transfer. He is an agent of M/s. Wall Street Finance Ltd. The documents placed before us demonstrate that during the subject year, the assessee was disbursing funds received from abroad to the recipients in India. The assessee's bank account

reflects substantial inflow and outflow of monetary transactions tied directly to this business activity. From the documents filed before us, we note that the assessee handled total transactions of Rs.1,35,57,543/- during the year and earned net commission income of Rs.43,723/-. We also note that the cash book of M/s. Kaduji Telecom shows regular cash withdrawals from bank and corresponding cash disbursements to beneficiaries. This business pattern is crucial in appreciating the assessee's explanation regarding the availability of sufficient cash in his hands and the source of deposits.

8.1 The AO treated the cash deposits of Rs.6,25,000/- as unexplained u/s.69A of the Act solely on the basis that the assessee did not, in his view, furnish satisfactory explanation for the source of the deposits, including Rs.3,48,500/- deposited in old currency on 14.11.2016. Before us, the assessee has demonstrated through the cash book and bank statements that the deposits were out of regular cash withdrawals made during the course of his money transfer business. The revenue has not pointed out any discrepancies or defects in the cash book, nor has any adverse material been brought on record to show that the assessee inflated cash balance or fabricated entries. The AO has also not disputed the genuineness of the business receipts or withdrawals. Thus, when examined holistically, the explanation furnished by the assessee is reasonable and is supported by documentary evidence. The AO also did not reject the books of

account u/s.145 of the Act. Rather, he accepted the commission income declared by assessee, which itself arises from the transactions in the same bank. Once the assessee has produced regular books of account, cash flow statement and bank statement corroborating various entries and where the department has not found the books to be unreliable or fabricated, these remains no basis for making separate addition of the cash, which was available as per the books of the assessee. Accordingly, the addition of Rs.6,25,000/- u/s. 69A of the Act is deleted.

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

Order pronounced in accordance with Rule 34 of ITAT Rules, 1963 on 26/11/2025 in the open court.

Sd/-
(DINESH MOHAN SINHA)
JUDICIAL MEMBER

Sd/-
(BIJAYANANDA PRUSETH)
ACCOUNTANT MEMBER

Surat

दिनांक/ Date: 26/11/2024

SAMANTA

Copy of the Order forwarded to:

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

// TRUE COPY //

By Order

Assistant Registrar/Sr. PS/PS
ITAT, Surat