

IN THE INCOME TAX APPELLATE TRIBUNAL "PATNA" BENCH, PATNA

**BEFORE SHRI DUVVURU RL REDDY, VP
AND
SHRI RAJESH KUMAR, AM**

**ITA No. 208/PAT/2025
(Assessment Year: 2019-20)**

Mangalam Sarees
Chandani Chowk,
MohaniaAkorhi, Mohania, S.O.
Rohtas, Sasaram Bihar-821109,

Vs.

Income Tax Officer, Ward 3(4)
Income Tax Office, Old GT Road,
Near prakash Petrol Pumb,
Sasaram, Sasaram, Bihar,

(Appellant)

(Respondent)

PAN No. AAJFM4391D

Assessee by : S/Shri A.K. Rastogi &
Rakesh Kumar,
Anuhav Khowala, ARs
Revenue by : Shri Ashwani Kr, Singal, DR

Date of hearing: 26.11.2025
Date of pronouncement: 09.12.2025

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 21.02.2025 for the AY 2019-20.

2. At the time of hearing, Id. Counsel for the assessee pressed ground no.6,7,8 & 9, which is extracted as under: -

"6. For that the learned CIT (A) has failed to consider that cash deposit totaling to ₹2,05,53,980/- made in the current bank A/c No. 50200001165678/- have been duly incorporated and shown in audited accounts of Mr. Pramod Kumar Keshari (PAN AGHPK9849C)

7. For that the Ld. CIT(A) has failed to consider that source of deposits in the bank account was out of sale proceeds of the proprietorship firm and was fully explained and entered in the books of the proprietorship firm of Mr. Pramod Kumar Keshari (PAN AGHPK9849C) and therefore could not be considered as unexplained money.

8. For that the Ld. CIT(A) while deciding the appeal has failed to consider the settled position of law that same income cannot be taxed again once it has already been taxed. In the present case the deposits have duly been considered in income of Mr. Pramod Kumar Keshari (PAN AGHPK9849C) and therefore could not be taxed in hands of the appellants partnership firm again.

9. for that the Ld. CIT (A) has erred in upholding the addition of ₹2,05,53,980/- under Section 69A r.w.s.115BBE of the Act being explained money in the hands of the appellants and thus the provisions of Section 69A are not applicable to the case of appellants."

2.1. The facts in brief are that the assessee is a firm in the name and style of M/s Mangalam Sarees and has not filed any return of income for the instant assessment year. The learned AO received information that the assessee during the year has deposited cash aggregating to ₹2,05,53,983/- in the current account no.1165678 of the assessee maintained with HDFC Bank Ltd. Accordingly, show cause notice u/s 148A(b) of the Act was issued, calling for the explanation from the assessee. The AO , after taking into consideration the reply of the assessee, passed order u/s 148A(d) of the Act on 23.03.2023 and notice us/ 148 of the Act was issued and served on 23.03.2023. The assessee complied with the notices issued u/s 148 of the Act by furnishing the return of income on 28.04.2023, declaring nil income. Subsequently, the notice u/s 143(2) and 142(1) of the Act along with questionnaire were issued and duly replied by the assessee. It was submitted that present the assessee M/s Mangalam Sarees is a partnership firm. During the year the entire business of the said firm was taken over by one of the partner Shri Pramod Kumar Kashera and therefore, the business of M/s Mangalam Sarees was run as proprietary concern and the bank account of the said firm was treated as account in the proprietary concern with all other assets and liabilities were all taken over by the proprietary concern. But in the bank records , the current account continued to be in the name of

partnership firm. Consequently, there was no business in the hands of the assessee firm since all the assets and liabilities were also taken over by the proprietary concern, including the cash credit account no. 1165678 with HDFC Bank which was shown in the books of account of the proprietary concern. The books of accounts of the proprietary concern were audited too. The reply of the assessee did not find favour with the AO and he added the deposits made during the year in the said current account aggregating to ₹2,05,53,980/- u/s 69A of the Act as unexplained cash credit in the assessment framed u/s 147 read with section 144B of the Act.

2.2. In the appellate proceedings, the learned CIT (A) also affirmed the order of the learned CIT (A) by holding that the assessee has failed to offer any plausible explanation before the learned AO as well as before the learned CIT (A) in the appellate proceedings qua genuineness of the claim and therefore, there is no infirmity in the order of the learned AO.

2.3. After hearing the rival contentions and perusing the materials available on record, the undisputed fact as culled out of the records before us are that the assessee M/s Mangalam Sarees was carrying on business of saree till A.Y. 2018-19 and during the year the business was taken over by one of the partners Shri Pramod Kumar Kashera and thus, the business was running as a proprietary concern with all assets and liabilities being taken over from assessee by the proprietary concern owned by the partners Shri Pramod Kumar Kashera. Consequently, the cash credit account 1165678 with HDFC bank was also taken over and shown in the balance sheet of the property concern. The cash sales made during the financial year by the proprietary concern were partly deposited into this cash credit

account which aggregated to ₹2,05,53,980/-. This is also undisputed that the total sales during the financial year made by the said property concern as per the audited balance sheet were ₹3,65,83,876/- which were inclusive of the cash sales deposited in a cash credit account. We also note that the said property concern has filed GST return in form of GSTR-9, disclosing the total turnover of ₹3,65,98,916/-. The property concern has also incorporated the said current account with HDFC bank in which the closing balance was ₹33,99,346/- which was appearing on the liability side of the balance sheet of the proprietary concern as on 31.03.2019. Therefore, we find merit in the contention of the assessee that the same income cannot be assessed twice first by way of the same being shown as sales in the proprietary concern and secondly by adding by the learned AO u/s 69A of the Act in the hands of M/s Mangalam Sarees, the partnership concern. Though the said concern has not been wound up by the partners, however the fact remains that the amount deposited with the CC account with HDFC bank was shown in the balance sheet of the property concern of all the deposits made in the said bank account aggregating to ₹2,05,53,980/- were incorporated in the books of account. We also note that the taking of business along with assets and liabilities by the proprietary concern was evidenced by an agreement between the partners which is available in the paper book. We, therefore, find merit in the contention of the Id. Counsel for the assessee that even the provisions of Section 69A of the Act are not applicable to the instant case as source of deposits into the bank account were fully explained out of the sale proceeds by the proprietary concern owned by one of the partners Shri Promod Kumar Kashera. Under these circumstances, the order of learned CIT (A)

cannot be sustained. Consequently, we set aside the order of learned CIT (A) and direct the learned AO to delete the addition.

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

Order pronounced in the open court on 09.12.2025.

Sd/-
(DUVVURU RL REDDY)
(VICE PRESIDENT)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Patna, Dated: 09.12.2025

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, Patna