

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, AHMEDABAD**

**BEFORE DR. BRR KUMAR, VICE PRESIDENT &
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.1494/Ahd/2025
(Assessment Year: 2017-18)

Harishchandrasinh Pratapsinh Parmar, Main Bazar, Ghoghamra Ghodhamba, Panchmahals, Gujarat-389001	Vs.	Income Tax Officer, Ward-1, Godhra
[PAN No.AKLPP4655P]		
(Appellant)	..	(Respondent)

Appellant by :	Shri Sunil Talati, AR
Respondent by:	Shri Kamal Deep Singh, Sr. DR

Date of Hearing	09.12.2025
Date of Pronouncement	10.12.2025

O R D E R

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short “Ld. CIT(A)”), National Faceless Appeal Centre (in short “NFAC”), Delhi vide order dated 29.06.2025 passed for A.Y. 2017-18.

2. The assessee has raised the following grounds of appeal:

“1. The Ld. CIT(A) erred in rejecting the appellant's application under Rule 46A of the Income Tax Rules, 1962, for the admission of additional evidence. The additional evidence was crucial for substantiating the appellant's claims. By not admitting this evidence, the CIT(A) has deprived the appellant of a fair and just opportunity to substantiate its case, thereby violating the principles of natural justice.

2. The CIT(A) erred in confirming addition of Rs. 2,07,56,750/- being the deposit made in Bank Account were legitimate business income from Petrol pump which were duly recorded in books of Accounts. It is therefore submitted that, the addition so made u/s 69A r.w.s 115BBE of the Act amounting to Rs. 2,07,56,750/- is prayed to be deleted.

3. *The Order passed by the Ld. CIT(A) is bad in law and contrary to the provisions of law and facts. It is submitted that the same be held so now.*

4. *Your appellant craves leave to add, alter, and/or amend all or any of the grounds before the final hearing of the appeal.”*

3. The brief facts of the case are that the assessee, a petrol pump operator, filed his return of income declaring income of Rs. 94,360/-. The case was selected for limited scrutiny to examine substantial cash deposits made during the financial year, particularly during the demonetization period. During the assessment proceedings, the Assessing Officer noted that the assessee had deposited aggregate cash of Rs. 3,50,68,750/- in various bank accounts, out of which only Rs. 1,43,12,000/- was accepted by the Assessing Officer as having been explained by the assessee based on details filed. The Assessing Officer was of the view that in the absence of explanations regarding the source of cash, identity of persons from whom cash was allegedly received, or books of account supporting the deposits, the assessee had failed to discharge the onus cast on him under Sections 68 and 69A of the Act. The Assessing Officer held that since the assessee had not produced any books of account or evidence to justify the substantial cash deposits, the unexplained portion amounting to Rs. 2,07,56,750/- was liable to be treated as unexplained money under section 69A of the Act and the same was added to the total income of the assessee. The Assessing Officer also observed that the assessee had not co-operated during the proceedings and had suppressed material facts relating to cash transactions. Accordingly, the assessment was completed under Section 143(3) by assessing total income at Rs. 2,08,51,110/- and initiating penalty proceedings under Sections 270A and 272A(1)(d) of the Act.

4. In appeal, the assessee contended before the CIT(A) that the cash deposits were fully explained and were from cash sales from the petrol pump business carried on by the assessee. The assessee claimed that the deposits were duly recorded in the books of account and supported by audited financial statements, cash book, ledgers, sale summaries, and bank certificates. The assessee submitted that that due to the authorised Chartered Accountant being unavailable during crucial months of assessment proceedings, the assessment notices could not be responded to, leading to the assessment order being passed almost ex parte. The assessee sought admission of additional evidence under Rule 46A and submitted that that the documents furnished at the appellate stage established the genuineness of the deposits. The CIT(A) examined the assessment record and found that repeated opportunities had been given by the Assessing Officer, but no compliance was made by the assessee. The explanation regarding the CA being out of station was not supported by any Affidavit or concurrent evidence. The CIT(A) held that the conditions of Rule 46A were not satisfied, as the assessee had not demonstrated that the evidence could not be produced before the Assessing Officer despite due diligence. The CIT(A) further observed that although audited financial statements and reconstructed ledgers had been filed during appeal, these were never subjected to scrutiny before the Assessing Officer and could not be accepted without verification. The burden to substantiate the source of cash deposits remained unfulfilled, and the assessee failed to establish the identity of persons from whom cash was allegedly received or demonstrate creditworthiness and genuineness of such large transactions. Accordingly,

the CIT(A) upheld the addition made by the Assessing Officer under Section 69A of the Act for a sum of Rs. 2,07,56,750/- on the ground that the cash deposits remained unexplained and unverifiable. The CIT(A) also confirmed the applicability of Section 115BBE to such deemed income, holding that the nature and source of the deposits were not established and therefore could not be taxed under any head of income specified in Section 14 of the Act. Thus, CIT(Appeals) dismissed the appeal of the assessee and sustained the additions made by the Assessing Officer.

5. The assessee is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee.

6. We have heard the rival contentions and perused the material on record. In view of the above facts and after examining the documentary evidence placed before us, we are of the considered view that the assessee had produced complete details of stock, quantitative records of petrol and diesel, purchase invoices issued by oil companies, VAT-wise sales registers, stock valuation statements, daily cash sales, and corresponding bank transaction details. These records in our view demonstrate that the assessee was regularly purchasing petrol and diesel, maintaining day-to-day stock registers, effecting sales, and depositing the resultant cash collections into the bank accounts. The bank transaction statements also match the pattern of daily business collections, showing that the cash deposited in the bank accounts was relatable to regular business receipts. The purchase registers and VAT statements demonstrate substantial purchases of petrol and diesel running into several crores during the year,

which is consistent with the sales turnover declared. The sales summary shows both cash and credit sales, along with applicable VAT, and the total turnover corresponds with the bank deposits when viewed in the context of the assessee's business model. The stock details, including purchase of diesel and of petrol, together with sales thereof, establish the quantitative movement of stock and confirm that the assessee's day-to-day business operations generated significant cash inflow. When such inflow is viewed along with the bank deposit records, it satisfactorily explains the source of cash deposits. Once the assessee has furnished complete stock records, sales registers, VAT returns, purchase invoices, stock valuation statements, and bank statements, all of which are internally consistent and corroborative, the presumption under Section 69A of the Act no longer survives. The documentary evidence in our view discharges the assessee's burden of proving the nature and source of the cash deposits. There is no basis to hold that the deposits represented unexplained money when they are directly attributable to accounted business receipts arising from declared sales. We therefore find merit in the submissions of the ld. counsel for the assessee that the cash deposits are part of the regular turnover of the petrol pump business and that the same have been duly recorded in the books of account.

7. Accordingly, in the light of these facts and in view of the material placed before us substantiating the assessee's business operations and explaining the source of cash deposits, we hold that the addition made under Section 69A of the Act is unsustainable. The appeal of the assessee

is therefore allowed and the addition of Rs.2,07,56,750/- sustained by the CIT(Appeals) is deleted.

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

This Order pronounced in Open Court on	10/12/2025
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Sd/-
(DR. BRR KUMAR)
VICE PRESIDENT

Ahmedabad; Dated 10/12/2025

TANMAY, Sr. PS

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad