



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।
IN THE INCOME TAX APPELLATE TRIBUNAL,
RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER
AND
SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER

आयकर अपील सं./ITA No. 820/RJT/2024

(निर्धारण वर्ष/Assessment Year: (2012-13))

Thakarshi Maharaj Chandrani, Anjar, Kutch-370 020 (Guj)	Vs.	Income Tax Officer, Ward – 2, Gandhidham, Aayakar Bhavan, Sector-8, Gandhidham – 370 201
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: BLLPM 3616 D		
(अपीलार्थी/Assessee)		(प्रत्यर्थी/Respondent)

Assessee by : Shri Mehul Ranpura, AR
Respondent by : Shri Abhimanyu Singh Yadav, Sr. DR

Date of Hearing : 06/11/2025
Date of Pronouncement : 17/12/2025

ORDER

Per, Dr. Arjun Lal Saini, A.M.:

Captioned appeal filed by the assessee, pertaining to Assessment Year 2012-13, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals), dated 09.08.2024, which in turn arises out of an order passed by the Assessing Officer u/s 143(3) r.w.s. 147 of the Act, on 14.12.2019.

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

“1. The grounds of appeal mentioned hereunder are without prejudice to one another.



2. The Ld. Commissioner of Income-tax (Appeals), National Faceless Centre, Delhi [hereinafter referred to as the "CIT(A)"] erred on facts as also in rejecting ground of appeal related to validity of notice issued u/s 148 of the Income tax Act, 1961. That on facts as also in law, proceedings-initiated u/s 147 of the Act is invalid and assessment finalized on such invalid initiation deserves to be quashed and may kindly be quashed.

3. The Id. CIT(A) erred on facts as also in law in confirming addition of Rs.38,57,007/- made on the alleged ground that the assessee failed to explain sources of cash deposit in the bank accounts held with Bank of Baroda. The addition confirmed is unjustified and uncalled for, which deserves to be deleted, may kindly be deleted.

4. Your Honour's assessee craves leave to add, to amend, alter, or withdraw any or more grounds of appeal on or before the hearing of appeal."

3. Succinctly, the factual panorama of the case is that assessee before us is an individual and doing agricultural activities and assessee is also Pujari of a temple. As per AIR information, the assessee had deposited cash of Rs.40,30,800/- in saving bank account. Therefore, with the prior approval of Pr. CIT-1, Rajkot, notice u/s 148 of the I.T. Act was issued on 21.03.2019 for A.Y. 2012-13. In response to notice u/s 148 of the Act, the assessee filed his Return of Income for A.Y. 2012-13, declaring total income of Rs. 18,260/-. The said Return of Income was revised by filing manual Return of Income, vide submission dated. 16.10.2019, declaring total income of Rs. 1,75,250/-. The notice u/s 143(2) of the Act was issued on 22.08.2019. Subsequently, notice u/s 142(1) of the Act, was issued on 06.09.2019 and reason for reopening was also provided to the assessee. Thereafter, vide notice u/s 142(1) of I.T. Act was issued on 03.10.2019.

4. In response, the assessee e-filed submission dated 16.10.2019, before the assessing officer. On perusal of submission, it was observed by the assessing officer that the assessee has shown interest income of Rs.1,56,993/- and agricultural income of Rs.13,07,106/-. On perusal of submission and details, the assessing officer noticed that assessee had sold an agricultural land bearing survey number 389/p1 and survey No.389/p1 village Chandrani, Anjar, Kutch for



Rs.58,56,250/- on 19.10.2011 and the sale deed was executed on 02.02.2012. On perusal of submission, it was also noticed by the assessing officer that the assessee have shown agricultural receipt of Rs. 19,86,882/- from sale of cotton, castor (arenda) and deshi mag from total land of 3-4 hector. The details of land holding, as submitted by assessee, are as under:

Sr. No.	Taluka	S. No	Land Area (Hec.- Acre- sq.mt.)	Remarks
1.	Chandrani, Anjar	213	1-51-76	
2.	Chandrani, Anjar	214	1-26-46	
3.	Dhamkda	187/P2	1-51-76	
4.	Chandrani, Anjar	389/p1/p1	4-04-70	Land was sold on 19.10.2011

The assessing officer noticed that such land holding cannot harvest crop yield to match the agricultural receipts of Rs. 19,86,882/-. Further, the assessee has also furnished the copy of bills of agricultural expense of Rs.6,79,776/-.

5. The assessing officer, on perusal of bank statement of account no. 11330100003759, as maintained with Bank of Baroda during F.Y. 2011-12, it was noticed that the assessee had made cash deposits of Rs.40,14,000/-. Therefore, assessing officer, issued a notice to the assessee to explain the source of the cash deposit.

6. In response to the notice of the assessing officer, the assessee submitted, as a proof of source of cash deposit during the year under consideration stating that it was out of earlier savings and cash withdrawal from bank and agricultural income and opening cash balance. In response, the assessee also furnished reply letter dated. 11.12.2019, before the assessing officer.

7. However, assessing officer rejected the above contention of the assessee and observed that the source of cash of Rs.1,56,993/- was found correct, as the cash



was received as an interest by the assessee, on delayed payment from M/s Empire Petro Products Ltd. Therefore, the source of cash deposit to the extent of Rs.1,56,993/- was found acceptable. Hence, the remaining source of cash deposits of Rs.38,57,007/- (Rs.40,14,000- Rs.1,56,993) remained unexplained and the same was treated as unexplained income. Therefore, an addition of Rs.38,57,007/- was made and added to the income of the assessee.

8. Aggrieved by the order of the assessing officer, the assessee carried the matter in appeal before the Ld.CIT(A), who has confirmed the action of the assessing officer. The Id.CIT(A) noticed that assessee has not furnished any satisfactory explanation supported by cogent material evidence, either during the course of assessment proceedings or appellate proceedings. Further, the assessee has not proved the nature and source of the cash deposits during the appellate proceedings with clinching evidence. Under the circumstances, it was opined by Id.CIT(A) that the order of the Assessing Officer did not suffer from any infirmity to warrant interference. Therefore, the addition made by the assessing officer was sustained by Id.CIT(A).

9. Aggrieved by the order of the Ld.CIT(A), the assessee is in appeal before us.

10. At the outset, the Learned Counsel for the assessee argued that assessing officer has without considering necessary evidence and documents submitted during the course of assessment proceedings, made the addition, which is not justified. Further, the assessee has claimed that the addition was made by treating the cash deposits made during the year as unexplained by the assessing officer, which was without bringing any tangible material on record and based on assumptions. The assessing officer also failed to consider the cash book, opening



cash balance as on 01/04/2011, cash generated from agricultural activities, and past savings, etc. Once the assessee has submitted enough documents and evidences, then burden shifts to the assessing officer, however, the assessing officer has failed to discharge his onus. In view of the above submission, the Id.Counsel submitted that addition so made by the assessing officer, in the hands of the assessee, may be deleted.

11. The Ld. Counsel also submitted that in assessee`s case, in the subsequent AY 2015-16, the reopening of assessment was made by the assessing officer on the same issue and on same facts, however, no addition was made in hands of the assessee, and reopening of assessment was dropped. Hence, no addition should be made in the AY 2012-13, also.

12. On the other hand, the Ld. Senior DR for the revenue has primarily reiterated the stand taken by the Assessing Officer, which we have already noted in our earlier para and is not being repeated for the sake of brevity.

13. We have heard the Learned Counsel appearing on behalf of the respective parties at length. We note that grounds of appeal raised by the assessee, are with regard the addition made by assessing officer to the tune of Rs.38,57,007/-, being unexplained income on account of cash deposits during the year under appeal. We note that during the assessment proceedings, the assessee has submitted the following documents and evidences, to prove his claim, before the assessing officer, which are reproduced below:

- (i) Chart showing details of agriculture income and expenses alongwith relevant bills/voucher and revenue records in Form No. 7/12 & 8A. (vide assessee`s Paper-Book page no.24 to 43)



- (ii) Chart showing entry wise explanation of cash deposited during the year under consideration. (vide Paper-Book page no.44 to 48).
- (iii) Revised return of income and computation of income filed during the year under consideration. (vide Paper-Book page no.49 to 58).
- (iv) Copy of reply dated 11.12.2019 filed before the assessing officer. (vide Paper-Book - 59 to 61)
- (v) Copy of cash book for the period from 01.04.2010 to 31.03.2011. (vide Paper-Book page no. 62 to 65)
- (vi) Copy of cash book for the period from 01.04.2011 to 31.03.2012.(vide Paper-Book page no. 66 to 69).
- (vii) Copies of bank statements and bank books of different bank accounts held with Bank of Baroda for the period from 01.04.2010 to 31.03.2012.(vide Paper-Book page no. 70 to 85)
- (viii) Copy of sale deed in respect of agriculture land sold at R. S. No.389/P-1, Village Chandrani, Dist. Anjar (Kutch) alongwith relevant accounts of purchaser, part consideration received in cash. (vide Paper-Book page no. 86 to 101).

14. We note that during the assessment proceedings, the assessing officer has not discussed any of these above listed details, documents and evidences, in the assessment order, in a right perspective. The assessing officer has not made any adverse finding in any of these documents, even though all the details were furnished by the assessee, before him. The assessing officer ought to have examined all these details and refuted / rejected them, with a cogent adverse findings and discernable line of reasoning, in order to arrive at a conclusion and to



make the addition in the hands of the assessee, however, assessing officer has failed to do so. Therefore, we note that assessing officer has not refuted or discredited these evidences and documents. The assessing officer does not mention that why he is not accepting these evidences. On the contrary, the assessing officer has just brushed aside these evidences without, even a word, on why they are not acceptable. It is a well settled Law that when an assessee has all the possible evidences in support of its claim, they cannot be brushed aside based on surmises.

15. We note that basically the assessee is an agriculturist holding agricultural land at Survey No. 213, 214, 187/P2 and 389/p1/p1 [sold during the year] *ad measuring* 1-51-76, 1-26,46, 1-51-76 and 4.04.70, hectare respectively as reported by the assessing officer in para 3.1 of the assessment order. Copy of the land records have been made available to the assessing officer vide attachment 2 of assessee's reply dated 16.10.2019. The assessing officer also reported that the assessee has furnished the sale bills of agricultural receipts as also of expenses. However, the assessing officer without assigning any reasons raised doubt about the yield. In this regard it may be observed from the land records (supra) that all the lands are equipped with the water well and as such the land has sufficient irrigation facility in addition to the monsoon. As far as the sale of the agricultural product is concerned it may be stated that by and large crops cultivated in first half of the year, and that out of stock of preceding years are sold during the year. Hence, in agricultural operations one to one cultivation and sale cannot be compared as doubted by the assessing officer. Further as against the sale proceeds of Rs.19.87 lacs the assessee has spent Rs.6.80 lacs which in term of percentage comes around 30% which is quite reasonable as held by the jurisdictional ITAT Rajkot Bench in the followings cases.

(i) Shri Maheshbhai B. Kiyada (HUF) vs. ITO in ITA 487/RJT/2006 and



(ii) Shri Minesh Jadavbhai Patel vs. ITO in ITA 142/RJT/2007

On the above backdrop, there is no case to suspect the net agricultural receipt net of expenses at Rs.13,07,106/- credited in the books of account as and when the sales of agricultural product was made and recorded in the cash book.

16. As regards, the cash deposits of Rs. 40,14,000/-, as a whole is concerned, the assessee has vide letter dated 11.12.2019 has furnished the cash book of AY 2011-12, showing cash on hand at Rs.1,90,500/- as on 01.04.2010 and the corresponding bank statement as on 01.04.2010 showing balance at Rs.2,41,352/-. All the subsequent transactions of cash withdrawals and deposits [which may be on account of sale of agricultural produce or from the earlier withdrawals were made through the cash book and from the same bank of Baroda Account only. The entries recorded in the cash book and bank account statement do tally. It may be observed from the cash book and the bank statement that each entry has been supported with evidences. Accordingly, the assessee had cash on hand at the beginning of the accounting year at Rs.11,30,370/-, which stands explained. In continuation of the above, the assessee also furnished the cash book and bank account along with bank statement for the AY 2012-13. Here it may also be observed from the cash book and the bank statement that each entry has been supported by the narration. In the bank account the major receipt of other than cash is receipt of sale consideration of agricultural land sold for Rs.58,45,250/-, [out of Rs.58,56,250/- amount of Rs.11,000/- were received by cash]. Thus, the major portion of withdrawals of cash from the bank has nexus with the deposits of Rs.58,45,250/- made on account of sale of agricultural land coupled with opening of balance of Rs.11 lacs and net of agricultural receipts of Rs.13 lacs. Thus, before making addition of the entire cash deposits made in the bank account, the assessing officer ought to have considered the withdrawals and redeposit from these known



sources. In order to appreciate the facts in proper perspective copy of letter dated 11.12.2019 with the annexure which include the cash book, bank statement, bank account, copy of document of sale of agricultural land etc of both the years were submitted by the assessee before the assessing officer.

17. We have observed from the current assessment order that the assessment was reopened for the purpose of verification of cash deposits of Rs.40,30,800/-, made in the bank account. On the identical reason, the assessment for AY 2015-16 was also reopened for verification of cash deposits of Rs.74,14,000/-. The assessing officer faceless regime vide order u/s 147 of the Act dated 15.03.2023 has accepted the assessee's explanation which is similar to that has been given in the present assessment year and refrained from making any variation to the income returned in response to notice u/s 148 of the Act.

18. Having considered the above facts which favours the assessee, we also find that some of the documents and evidences submitted by the assessee during the assessment stage, are self-servicing documents and evidences, therefore, such documents and evidences have certain weaknesses and should not be relied fully. It is well settled that in best judgment decision there is always certain degree of guesswork. No doubt the authorities concerned should try to make an honest and fair estimate of the income even in a best judgment assessment, and should not act totally arbitrarily. The authority making a best judgment assessment must make an honest and fair estimate of the income of the assessee and though arbitrariness cannot be avoided in such estimate the same must not be capricious but should have a reasonable nexus to the available material and circumstances of the case. Considering these facts, we also note that in assessee's case under consideration, there are some deficiency in the cash sales bills/ agricultural vouchers and invoices, therefore, while the case of the assessee merits some relief, however at the same



time entire relief cannot be permitted to the assessee. Therefore, we are of the view that the some estimated addition should be made in the hands of the assessee, to protect the interest of the revenue. Therefore, to meet the end of Justice, we are of the view that 10% disallowance should be made in the hands of the assessee on Rs.38,57,007/-, which comes to Rs.3,85,700/- (10% of Rs. 38,57,007), which will take care of inconsistency in the various documents and evidences filed by the assessee, before the lower authorities. Therefore, the assessing officer, is directed to make the addition in the hands of assessee, at Rs.3,85,700/-, by following the normal rate of income tax. Hence, we allow appeal of the assessee partly.

19. In the result, appeal filed by the assessee, is partly allowed in above terms.

Order is pronounced in the open court on 17/12/2025.

Sd/-
(Dinesh Mohan Sinha)
Judicial Member

राजकोट/Rajkot

दिनांक/ Date: 17/12/2025

Copy of the order forwarded to :

- The assessee
- The Respondent
- CIT
- The CIT(A)
- DR, ITAT, RAJKOT
- Guard File

// True copy //

Sd/-
(Dr.Arjun Lal Saini)
Accountant Member

By order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot