

आयकर अपीलीय अधिकरण, हैदराबाद पीठ  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'A' Bench, Hyderabad**  
श्री रवीश सूद, माननीय न्यायिक सदस्य एवं श्री मधुसूदन सावडिया, माननीय लेखा सदस्य  
**SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**  
**AND**  
**SHRI MADHUSUDAN SAWDIA HON'BLE ACCOUNTANT MEMBER**

आयकरअपीलसं./I.T.A. No.346/Hyd/2025  
(निर्धारणवर्ष/ Assessment Year:2013-14)

Satyam Gupta Araveeti, Prakasam District. PAN: AMQPA3062N	VS.	Income Tax Officer, Ward-1, Ongole.
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)

करदाताकाप्रतिनिधित्व/ Assessee Represented by	:	Shri PSRVV Surya Rao, CA
राजस्वकाप्रतिनिधित्व/ Department Represented by	:	Shri S. Arun Kumar, Sr. AR
सुनवाईसमाप्तहोनेकीतिथि/ Date of Conclusion of Hearing	:	10/12/2025
घोषणा की तारीख/ Date of Pronouncement	:	19/12/2025

**ORDER**

**PER RAVISH SOOD, JM:**

The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, dated 30/12/2024, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under section 147 r.w.s 144 r.w.s 144B of the Income Tax Act, 1961 (for short,

“the Act”), dated 26/03/2022 for the Assessment Year (AY) 2013-14.

The assessee has assailed the impugned order of the CIT(A) on the following grounds of appeal:

1. On the facts and in the circumstances of the case, the impugned order u/s. 250 of the Income Tax Act, 1961 passed by the learned CIT(A). NFAC, Delhi for the AY 2013-14 is bad in law and on the facts and in the circumstances of the case, weight of evidence and probabilities of the case.

2. On the facts and in the circumstances of the case, the learned CIT(A). NFAC, Delhi ought to have appreciated if deleted entire addition made by the learned A.O. who erred in reopening the assessment and made addition on presumptions, surmises and mere suspicion.

3. The learned CIT (A) erred in restricting the addition of Rs.38,06,036/-out of Rs.2,43,70,500/- made by the Assessing Officer. The CIT(A) ought to have deleted the entire addition made by the Assessing Officer. Without prejudice to any ground, The determined escaped income is less than 50 lakhs, the extended time limit up to 10 years does not apply. Subsequently the reassessment notice would be considered time barred if issued beyond standard 3-year period as per section 148. Hence 148 notice is bad in law and liable to be quashed.

4. The Ld commissioner of Income Tax (Appeals) erred in confirming the addition made u/s 69A of the Income tax Act by the Assessing officer on the reason that the "assessee has not furnished any documentary evidences to prove the same." When the essential ingredients namely explanation of the nature and source of deposit as put forth by the Appellant had not been proved to be false or improbable and also erred in making the addition based on mere conjectures, surmises and suspicions and in the absence of any incriminating material available on the part of the Appellant on these grounds of appeal.

5. The Appellant prays to the Honourable ITAT for justice on

a) The addition of cash deposits Rs 38,06,036/- made u/s 69A of the Act may kindly be deleted in the interest of principle of natural justice.

b) Without prejudice to above, the addition if any made, shall be taxed under normal and not under rates prescribed u/s 115 BBE of the Act as the same has emanated from Business income.

6. Case laws relied on

- In the case, Jayesh Jagat Parekh vs Income tax officer [2024] 164 taxmann.com 348 (Mumbai - Trib.) held that "Where cash deposits made by assessee was not properly explained, since

sole source of income of assessed was retail business, such deposits should be treated as unaccounted business income subject to presumptive taxation under section 44AD, rather than unexplained income under section 69A read with section 115BBE"

- In the case, Manickam Malu Prasanna vs Assessment unit, income tax department [2024] 161 taxmann.com 776 (Madras HC) held that "Where documents submitted by assessee in response to reopening notice were not discussed and no reason were recorded for confirming proposed variations, Impugned reassessment order taxing cash deposited in bank account of assessee under section 69A was to be set aside and matter was to be remanded for fresh adjudication.
- In the case, Smt Ramilaben B Patel vs ITO [2018] 100 Taxmann.com 325 (Ahmedabad trib.) Held that "Bank statement is not considered as Books of accounts and therefore any sum found credited in bank pass book cannot be treated as an unexplained cash credit.
- The Appellant may add or alter or modify or substitute or delete add/ or rescind all or any grounds of appeal at any time before or at the time of hearing."

2. Succinctly stated, the AO observing that the ITBA - Multiyear NMS on the Actionable Information Monitoring System (AIMS) module, revealed that the assessee during the subject year had carried out substantial financial transactions, viz., (i) cash deposits of Rs.10 lakhs or more in savings bank account: Rs.1,39,70,500/-; (ii) deposits in cash aggregating to Rs.2 lakhs or more with a banking company: Rs.2,69,33,300/-; and (iii) cash deposits of Rs.50,000/- and more: Rs.6,15,000/-, initiated proceedings under section 147 of the Act.

3. During the course of the assessment proceedings, the AO issued notices under section 142(1) of the Act along with questionnaires, dated 19/07/2021, 15/11/2021 and 06/12/2021, but the same were not complied with by the assessee. Accordingly, the AO was constrained to

proceed with and frame the assessment to the best of his judgment under section 144 of the Act.

4. The AO observed that the assessee, during the subject year, had made cash deposits of Rs. 2,43,70,500/- in his bank account with ING Vysya Bank, Giddalur Branch. As the assessee had failed to come forth with any explanation regarding the nature and source of the aforesaid cash deposits, the AO held the same as having been sourced from his unexplained money under section 69A of the Act. Accordingly, the AO, vide his order passed under section 147 r.w.s 144 r.w.s 144B of the Act, dated 26/03/2022, assessed the income of the assessee at Rs. 2,43,70,500/-.

5. Aggrieved, the assessee carried the matter in appeal before the CIT(A).

6. The assessee during the course of the hearing of the appeal submitted before the CIT(A) additional documentary evidence, viz., (i) agency letter issued to the assessee by the District Cooperative Marketing Society Ltd (DCMS Ltd); (ii) copy of the agreement between the District Cooperative Marketing Society Ltd. and the assessee; and (iii) copies of the stock register, Andhra Pradesh Government, Department of Agriculture permit slips, utilization certificates for various seeds, authorization letters and copies of bank statements. The assessee, based on the aforesaid additional evidence filed before the

CIT(A), submitted that the entire amount of the cash deposits was transferred to APS-SDC Ltd, Ongole Branch. Accordingly, it was the claim of the assessee that he, as an agent, was collecting the amounts from the farmers on behalf of APS-SDC Ltd and subsequently depositing the said amounts in his personal bank account, from where they were transferred to APS-SDC Ltd.

7. The CIT(A), considering the additional evidence that was filed by the assessee before him, called for a remand report from the AO. In compliance, the AO submitted his remand report, dated 14/11/2024, wherein he admitted that the assessee was an agent of District Cooperative Marketing Society Ltd (DCMS Ltd), Giddalur area, Ongole, i.e., the marketing agency between the farmers and APS-SDC Ltd. for the supply of seeds and collection of funds. The AO submitted in his report, that though the assessee had claimed that he had collected the amounts from the farmers as an agent of DCMS Ltd., and deposited the same in his bank account, which thereafter were transferred to APS-SDC Ltd, but he could not substantiate the same based on supporting documentary evidence or books of accounts either maintained by him or by DCMS Ltd. Accordingly, the AO submitted that the claim of the assessee that the subject amounts were his collections as an agent of DCMS Ltd., did not merit acceptance.

8. The AO further stated in his report that the assessee, based on his aforesaid claim, had submitted that, as per the agreement between him and DCMS Ltd., he, as an agent, was eligible for commission @ 0.5% of the amounts transferred by him to APS-SDC Ltd. Also, the assessee, to support his aforesaid claim, had furnished a copy of the appointment letter as an agent issued by DCMS Ltd, wherein it was stated that he was responsible for the collection of amounts from farmers and was entitled to commission @ 0.5% of the amounts transferred to their bank for the purchase of seeds.

9. Also, it was stated by the AO that the assessee in the course of the remand proceedings before him had produced sale registers/purchase registers, original bills, agreement with DCMS Ltd etc. Further, it was stated by the AO that the assessee had claimed that his main activity was as that of an agent of DCMS Ltd, Giddaluru area, wherein he was supplying agricultural seeds and fertilizers received from DCMS Ltd to farmers, collecting amounts from them and transferring the amounts to DCMS Ltd and APS-SDC Ltd (as per the agreement), and had received commission @ 0.5% on the subject transactions. Also, the AO stated in his report that the assessee had claimed that any excess payments made would be returned to the farmers. Accordingly, it was the assessee's claim that most of the cash deposits made in his bank accounts were the amounts that he had received from the farmers for the supply of seeds from DCMS Ltd, Giddaluru. Also, the assessee in

the course of the assessment proceedings had furnished with AO the copies of 4 bank accounts that were held by him during the subject year, along with utilisation certificates of various seeds under the subsidy programme under Rabi (season) 2012-13 issued by the MAO, Giddalur. The AO, based on the details filed by the assessee, observed that out of the total cash deposits of R commission on the s. 2,01,14,006/- made in his 4 bank accounts during the subject year, an amount aggregating to Rs. 1,63,07,970/- was transferred during the year itself to DCMS Ltd. and APS-SDC Ltd. The AO, after perusing the bank accounts of the assessee, observed that while the aggregate of the cash deposits in the said bank accounts during the subject year amounted to Rs. 2,01,14,006/-, but as per ITS details obtained from 360 degree profiling, the amount of cash deposits was reported at Rs. 2,43,70,500/-. Accordingly, the AO observed that based on the aforesaid facts, there was a difference of Rs. 42,56,494/-. The AO, considering the fact that the assessee during the subject year had made cash deposits of Rs.2,01,14,006/- (as against that reported as per ITS at Rs.2,43,70,500/-), observed that an amount of Rs. 1,63,07,970/- had been transferred to DCMS Ltd and APS-SDC Ltd towards purchase of seeds on which the assessee had claimed to have received commission @ 0.5% as per the agreement. Accordingly, the AO accepted the aforesaid claim of the assessee that an amount of Rs. 1,63,07,970/- (out of Rs. 2,01,14,000/-) was the amount that was received by him from the

farmers towards the purchase of seeds on which he had earned commission @ 0.5%, i.e., 81,540/-.

10. Apropos, the balance amount of cash deposits of Rs. 38,06,036/- (Rs. 2,01,14,006/- - Rs. 1,63,07,970/-), it was the assessee's claim that the same were the sale proceeds of his business of supplying pulses (korralu) to the farmers during the subject year. It was submitted by him that, as he had not maintained any books of accounts for his aforesaid business transactions, therefore, his income may be estimated @8% of the total turnover of Rs. 38,06,036/-, which worked out at Rs. 3,04,483/-. However, the AO observing that the assessee had failed to substantiate his claim that the cash deposits of Rs.38,06,036/- (supra) were sourced from the sale proceeds of his business of supplying pulses based on any documentary evidence, thus, rejected the same and stated in his report that the amount to the said extent was sourced out of the assessee's unexplained money under section 69A of the Act. The CIT(A), based on the remand report of the AO, concurred with his view and upheld the addition of Rs. 38,06,036/- as was added by him under section 69A of the Act.

11. The assessee aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

12. We have heard the Learned Authorised Representatives of both parties, perused the orders of the authorities below and the material available on record.

13. Shri PSRVV Surya Rao, CA, the Learned Authorised Representative (for short, "Ld. AR") for the assessee, at the threshold of hearing of the appeal, took us through the genesis of the controversy involved in the present case and also the additions that were initially made by the AO.

14. Coming to the dispute in hand, the Ld. AR submitted that the CIT(A) had grossly erred in law and facts of the case in summarily accepting the view taken by the AO in his remand report, dated 14/11/2024, and treating the cash deposits of Rs. 38,06,036/- (supra) as having been sourced out of the assessee's unexplained money under section 69A of the Act. Elaborating on his contention, the Ld.AR submitted that as the subject cash deposits of Rs. 38.06 lakhs (approx.) were the sale proceeds of the assessee's business of supplying pulses to the farmers, therefore, there was no justification for the authorities below to have held the same as the unexplained money of the assessee under section 69A of the Act. The Ld. AR submitted that the CIT(A) had most arbitrarily rejected the assessee's claim that the addition in his hands was liable to be restricted only to the extent of the profit/income element embedded in the sale proceeds of Rs.38.06 lakhs (supra),

which could safely be taken on an estimate basis @ 8%, i.e., 3,04,483/-. The Ld. AR to buttress his contention had drawn our attention to certain "Form of Way Bill", dated 20/05/2012, 08/06/2012, 14/06/2012 and 28/06/2012, which apparently referred to the sale of pulses (variety Navani) by the assessee (cultivator) to various individuals/mills. The Ld.AR had based on the aforesaid documents, which, as stated by him, had been filed before the authorities below, claimed that the same substantiated the fact that the assessee, viz., Sri Satyam Gupta Araveeti, i.e., the assessee, during the subject year, had carried out the business of supply of pulses. The Ld. AR submitted that as the CIT(A) had failed to consider the claim of the assessee in the backdrop of the aforesaid documentary evidence that was available before him, therefore, the impugned addition of Rs. 38,06,036/- (supra) made by him cannot be sustained and is liable to be set aside.

15. Per contra, the Ld. Sr. DR relied upon the orders of the authorities below.

16. We have thoughtfully considered the contentions of the Learned Authorised Representatives of both parties in the backdrop of the orders of the authorities below.

17. The controversy involved in the present appeal lies in a narrow compass, i.e., as to whether or not the AO/CIT(A) are right in law and facts of the case in rejecting the assessee's explanation that the cash

deposits of Rs.38,06,036/- (supra) made in the assessee's bank account were the sale proceeds of his business of supplying pulses, inter alia, for the reason that he had failed to substantiate his said claim based on any documentary evidence.

18. We have given thoughtful consideration, and are of the view that the copies of the Way Bills, which are stated to have been filed by the assessee before the authorities below, Page No.64 to 67 of the APB, apparently reveals that the assessee during the subject year had carried out certain transactions of sale of pulses, (i.e., Navani) to certain persons/mills both within/outside the State. In our view, the aforesaid documents to some extent inspire confidence regarding the claim of the assessee that part of the cash deposits made in his bank accounts during the subject year were sourced from his business of supplying pulses. We are of the view that, as the authorities below had not verified the aforesaid claim of the assessee in the backdrop of the evidence as is stated to be available on record, therefore, the summary rejection of his explanation cannot be endorsed on her part. We, thus, are of a firm conviction that the matter in all fairness requires to be set aside to the file of the Assessing Officer, who is directed to consider the explanation of the assessee in the backdrop of the aforesaid documentary evidence that are stated to be available on record, i.e., copies of the Way Bills evidencing the sale of pulses, i.e., Navani, by the assessee to various persons/mills both within/outside the State. Needless to say, the AO

shall, in the course of the set aside proceedings, afford a reasonable opportunity of being heard to the assessee, who shall, as per the extant law, remain at liberty to substantiate his claim based on fresh documentary evidence, if any.

19. Resultantly, the appeal filed by the assessee is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the open court on 19<sup>th</sup> December, 2025.

<b>Sd/-</b> <b>(मधुसूदन सावडिया)</b> <b>(MADHUSUDAN SAWDIA)</b> <b>लेखासदस्य/ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(रवीश सूद)</b> <b>(RAVISH SOOD)</b> <b>न्यायिकसदस्य/JUDICIAL MEMBER</b>
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Hyderabad, dated 19.12.2025.

OKK/sps

आदेशकीप्रतिलिपिअग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारित/ The Assessee	:	Satyam Gupta Araveeti, 5-10-58, Sri Sai Balaji Jewellers, Main Bazar, Giddalur, Prakasam District, Andhra Pradesh-523357.
2.	राजस्व/ The Revenue	:	Income Tax Officer, Ward-1, O/o. ITO, 8 <sup>th</sup> Lane, Ramnagar, Ongole, Andhra Pradesh-523001.
3.	The Principal Commissioner of Income Tax,		
4.	विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण /DR,ITAT, Hyderabad.		
5.	The Commissioner of Income Tax		
6.	गार्डफाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Hyderabad.