

**IN THE INCOME TAX APPELLATE TRIBUNAL
AMRITSAR BENCH, AMRITSAR.**

**BEFORE SH. MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER
AND
SH. UDAYAN DASGUPTA, JUDICIAL MEMBER
(Physical Hearing)**

**I.T.A. No. 574/Asr/2025
Assessment Year: 2017-18**

Chand Jewellers, Bazar Sarafan Nakodar, Distt. Jalandhar. [PAN:-AAHFC5908J] (Appellant)	Vs.	ITO-Ward Jalandhar. (Respondent)
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Appellant by	Sh. Amit Bajaj, Adv.
Respondent by	Sh. Charan Dass, Sr. DR

Date of Hearing	17.12.2025
Date of Pronouncement	05.01.2026

ORDER

Per: Udayan Dasgupta, J.M.:

This appeal is filed by the assessee against the order of Id. CIT (A), NFAC, Delhi, passed u/s 250 of the Act, 1961 vide order dated 10.06.2025 which has emanated from the order of AO, NFAC, passed u/s 147 r.w.s 144B of the Act, vide order dated 29.03.2022.

2. Grounds of appeal taken by the assessee in form 36 are as under:

“1. That the impugned appellate order passed under section 250 of the Income-tax Act, 1961, upholding the assessment order passed under section 147 r.w.s. 144B, is against the law, facts, and circumstances of the case and deserves to be quashed.

2. That the reassessment proceedings initiated under section 147 and the issuance of notice under section 148 of the Act are illegal, void ab initio, and unsustainable in law, as the same were based on mere change of opinion and absence of fresh tangible material, and are thus vitiated.

3. That the addition of Rs. 1,03,83,030/- made under section 69A of the Act and confirmed in appellate proceedings is wholly arbitrary, being based merely on suspicion, conjectures, and surmises, which ignores the fundamental evidences on record.

4. That the Assessing Officer as well as the CIT(A) have completely ignored the material facts that:

-The appellant had duly discharged VAT liability on the sales corresponding to the alleged cash deposits;

-The cash sales made during October 2016 were consistent with the historic trend of the appellant's business, where 90% to 95% of total turnover is consistently in cash;

-The entire cash deposited was subsequently utilized to purchase gold stock through banking channels, establishing a clear and traceable business nexus between cash sales and banking transactions;

-The appellant had sufficient stock in hand, and no extraordinary purchases were made before recording the impugned sales in October 2016, clearly indicating that the sales were genuine and out of existing stock.

5. That the VAT returns, audited books of account, stock registers, and other primary records furnished by the appellant were not rebutted or rejected either by the Assessing Officer or by the CIT(A), yet the addition has been sustained without recording any specific finding as to the falsity or inaccuracy of such documents, rendering the entire addition legally unsustainable.

6. That no defect whatsoever has been pointed out in the audited books of account, nor were the trading results disturbed or rejected, and the profits declared on the sales (including the alleged cash deposits) have been accepted for the purposes of assessment.

7. That the impugned order suffers from inconsistency and legal contradiction, inasmuch as on one hand, the sales are accepted and profit thereon is taxed as business income, and on the other hand, the corresponding cash deposits in the bank arising from such sales are simultaneously treated as unexplained money, which results in double taxation and is contrary to law, logic, and settled judicial principles.

8. That the impugned addition is not backed by any cogent or corroborative material evidence, and the appellant has duly discharged its initial burden of proof by substantiating the source

of cash deposits through proper accounting entries, VAT compliance, and banking records, thereby shifting the onus on the Revenue, which has failed to adduce any material to disprove the appellant's version.

9. That the authorities below have failed to appreciate that once the sales are recorded in the books, subjected to audit, supported by VAT returns, and tax is paid thereon, no further addition is warranted on the same amount under a deeming provision like section 69A, without first rejecting the books of account.

10. That the impugned addition made under section 69A read with section 115BBE, in the facts and circumstances of the present case, is wholly misconceived, excessive, without jurisdiction, and liable to be deleted in toto.

11. That the authorities below have grossly erred in law and on facts in taxing the gross cash sales amounting to Rs. 1,03,83,030/- as income of the appellant under section 69A, ignoring the well-settled principle that only the real income-being the net profit earned from such sales-can be subjected to tax under the provisions of the Income-tax Act. Taxing the entire sale proceeds as income amounts to taxing gross receipts instead of income, which is impermissible in law and leads to double taxation, since the profit element has already been offered to tax in the trading results accepted by the Assessing Officer.

12. That the appellant craves leave to amend, modify, or raise additional grounds of appeal at the time of hearing, if necessary.”

3. Brief facts emerging from records are that the assessee a partnership firm engaged in the business of ‘*Gold jewellery and ornaments*’, has deposited cash amounting to *Rs. 1.03 crores in its bank* account with Allahabad bank, during the demonetisation period and filed its regular return *on 30th August, 2017*, declaring total income at *Rs.1,52,910/-*.

3.1 Reassessment proceedings were initiated (as per procedure) vide notice u/s 148 dated 29/03/2021, and in course of scrutiny , books of accounts (*cash book , ledger, stock register*) produced and examined, and the cash deposit in bank amounting to *Rs.1.03 crores* , were explained by the assessee to have been deposited out of regular sale proceeds of gold jewellery out of stock in trade available with the assessee (*as per day to day stock register duly maintained*).

3.2 It was observed by the AO that the closing cash balance as per cash book as on 31st October, 2016, was *Rs. 1,05,78,884/-* and the cash sales disclosed by the assessee for the month of October, 2016 was *Rs.95.15 (ninety five point one five lakhs)*, against average monthly sales of *Rs. two lakhs per month* during the period 1st April 2016 to 30th September, 2016, which does not compare logically considering the fact that sales for the month of October 2016 alone is *47 times (forty*

seven times) more than the assessee's regular sales in earlier months and the assessee was not able to substantiate the said sales with supporting sales and purchase bills, in spite of requisition for the same.

3.3 There was failure on the part of the assessee to substantiate the sales with supporting evidence like sale invoices and the purchases with supporting purchase invoices, and to explain the cash deposited by the assessee in bank a/c which has arisen out of cash available with the assessee as on 31st October 2016 and subsequently deposited in bank during the period *10th November 2016 to 16th November 2016* totalling *Rs.1.03 crores (as evident from page 3 of the assessment order)*.

3.4 In absence of details of sales furnished by the assessee and in absence of proper invoices being produced for examination, in course of assessment proceedings, proper verification of the disclosed sales could not be made and as such, the sales disclosed by the assessee in cash book and the availability of cash as per cash book, just before the demonetisation period was not acceptable to the AO and the assessee's submission was rejected.

3.5 The assessment was completed on a total income of *Rs.1.05 crores (including an addition of Rs.1.03 crores u/s 69A of the Act)* being the amount of cash deposited

in bank during the demonetisation period and the same was charged to tax at rates prescribed *u/s 115BBE* of the Act.

4. The matter carried in appeal before the Id. first appellate authority has been dismissed for want of customer wise sales invoices, delivery challan payment acknowledgment, and in absence of details of parties to whom the alleged jewellery has been sold. The observation of the Id. first appellate authority as under:

“6.4 Final Conclusion-

Upon a careful and comprehensive evaluation of the facts, submissions, and legal provisions applicable to the case, it is concluded that the reassessment proceedings were validly initiated under Section 148 of the Income-tax Act, 1961. The Assessing Officer followed due procedure and recorded proper reasons before issuing the notice, and there is no infirmity in the initiation of reassessment.

Further, the addition of Rs.1,03,83,030/- under Section 69A is found to be based on cogent reasoning and in accordance with the statutory framework. The assessee's explanation regarding the source of the cash deposits, allegedly arising from jewellery sales during the demonetization period, remains unsubstantiated by verifiable evidence. The claimed sales are excessively disproportionate to past trends, lack customer-wise documentation, and were rightly rejected by the Assessing Officer.

Considering the timing and nature of the reassessment order, the application of the amended provisions of Section 115BBE-prescribing a higher tax rate of 60% along with surcharge and cess is appropriate and legally sustainable. The return filed by the assessee in response to notice under Section 148 does not qualify as a voluntary

disclosure that would shield the assessee from the consequences of the deeming provisions or the elevated rate of tax.

Accordingly, in view of the foregoing, the appeal filed by the assessee is dismissed, and the assessment order passed by the Assessing Officer is hereby upheld in its entirety.”

5. Now, the assessee is in appeal before the tribunal on the grounds contained in the memorandum of appeal.

6. In course of appellate proceedings before the tribunal, the ld. AR of the assessee admitted to the fact that sale bills, purchase bills and receipt vouchers relating to the transactions of sales were not forming part of the assessment record and it was admitted that the same were not examined by the AO during the assessment proceedings.

6.1 He submitted copies of the sale bills, purchase bills and receipt vouchers before the tribunal and requested to consider the same and to take the documents on record. He has also filed a written submission which is self-explanatory:

“Subject: Submission of additional documents Sales bills, purchase bills and receipt vouchers - reg.

Respected Showeth as under:

1. The above-captioned appeal is fixed for hearing before the Hon'ble Bench today i.e. 17.12.2025, and the same has been heard.

2. During the course of hearing, the Hon'ble Bench was pleased to observe that the sales bills, purchase bills and receipt vouchers relating to the transactions under consideration were not forming part of the assessment record and, therefore, the same were not examined by the Assessing Officer during the assessment proceedings.

3. During the course of hearing, it was respectfully requested on behalf of the appellant that some time may kindly be granted for the submission of the said sales and purchase bills along with supporting vouchers, so that the matter may be adjudicated on the basis of complete and correct factual material.

4. In this regard, the appellant respectfully submits that the enclosed sales bills, purchase bills and receipt vouchers are material and vital documents, having direct bearing on the issues involved in the present appeal. These documents go to the root of the matter and are essential for proper appreciation of facts and for rendering a just and fair decision.

5. It is respectfully submitted that the Hon'ble Tribunal, being the final fact-finding authority, is fully empowered to examine and

consider such documents, and may kindly take the same on record and adjudicate the appeal after considering these documents. Non-consideration of these material facts would cause grave prejudice to the appellant and would defeat the ends of justice.

6. Without prejudice, and in the alternative, if the Hon'ble Tribunal is of the considered view that these documents require verification at the assessment level, it is humbly prayed that the matter may kindly be restored/remanded back to the file of the Assessing Officer for the limited purpose of verification and fact-finding after considering the aforesaid documents, with appropriate opportunity of being heard to the appellant.

7. The appellant craves leave to rely upon any further submissions, documents or explanations that may be required or permitted by the Hon'ble Bench in the interest of justice.

In view of the above facts and circumstances, it is most respectfully prayed that the Hon'ble Tribunal may kindly consider the submissions made herein and pass such order as may be deemed fit in the interest of justice.

Thanking you,

Yours faithfully,

Sd/-

(Amit Bajaj, Advocate)

For Chand Jewellers”

7. The ld. DR relied on the order of the ld. CIT(A) and submitted that the cash balance as on 01.04.2016 was only Rs.1,77,000/- and the subsequent cash balance as on 30th September 2016 was Rs.12.41 lakhs only.

7.1 He further submitted that the cash sales for the month of October 2016 was *95.15 lakhs* which was *forty-seven times* more than the average monthly sale. He also reiterated the same submission that sales and purchase bills has never been produced and in absence of the same the entries in the day to day stock register on which the assessee relies upon for establishing his stock, cannot be accepted and as such, the case is devoid of factual evidence and he prays for sustaining the appellate order.

8. We have heard the rival submissions and considered the materials on record and the written submission of the assessee, we find that it is admitted by the Id. AR that supporting documentary evidences of purchase bills and sales bills has never been produced before the AO and the AO has never examined the same.

8.1 Judicial protocol demands that the documentary evidences which are now produced before the tribunal needs to be examined regarding its authenticity and genuineness and should be verified vis-à-vis books of account and stock register, which needs to be done at the very ground level by the AO.

8.2 As such, in the interest of justice, we set aside the matter back to the files of the AO for de novo fresh assessment after considering all the documentary evidences now produced by the assessee.

8.3 The assessee is also directed to file all documentary evidences including purchase and sales memos and details of parties to whom sales has been made for proper verification of the same before the AO and to fully cooperate in fresh assessment proceedings.

8.4 We have not expressed any opinion on merits and all legal issues are left open.

9. In the result the appeal of the assessee is allowed for statistical purposes.

Order pronounced on 05.01.2026 under Rule 34(4) of the Income Tax Appellate Tribunal Rules 1963.

Sd/-

(MANOJ KUMAR AGGARWAL)
Accountant Member

Sd/-

(UDAYAN DASGUPTA)
Judicial Member

AKV

Copy of the order forwarded to:

- (1)The Appellant
- (2) The Respondent
- (3) The CIT
- (4)The DR, I.T.A.T.

True Copy
By order