

**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. 222/Asr/2024  
Assessment Year: 2017-18**

Late Vijay Prabhakar, (Through L/H) 239, Phase-1, C/o Prabhakar Food Products, South City, Batala. [PAN:-ADCPK5882D] <b>(Appellant)</b>	Vs.	ITO, Ward-1, Barnala.  <b>(Respondent)</b>
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<b>Appellant by</b>	Sh. Amit Handa & Sh. Bhavesh Mahajan, CAs.
<b>Respondent by</b>	Sh. Charan Dass, Sr. DR

<b>Date of Hearing</b>	19.01.2026
<b>Date of Pronouncement</b>	21.01.2026

**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 22.02.2024 which has emanated from the order of AO, NWR-W-(80)(91), passed u/s 144 r.w.s. 147 of the Act, vide order dated 29.03.2022.

2. There are 14 (fourteen) grounds of appeal raised by the assessee in Form 36 all relating to a single issue of (*addition of Rs.7,74,514/- sustained by the Id.*

*CIT(A) u/s 69A of the Act r.w.s. 115BBE*) on account of cash deposit in bank during the demonetisation period.

3. Brief facts emerging from records are that the assessee is engaged in the business of trading of food products and other related items under the trade name of *M/s Praphakar Food Products* and has filed his return alongwith audited accounts with a declared income of Rs.4,80,140/-.

3.1 The case was reopened u/s 147 of the Act vide notice u/s 148 dated 30.03.2021 after (*necessary approval from higher authorities*) in response to which the assessee has furnished his return of income and the matter was taken up for scrutiny and in course of assessment proceedings it was found that an amount of *Rs.22.47 lakhs* has been deposited in bank during the demonetisation period and in absence of any proper explanation from the assessee, the said amount was added back to the total income and the assessment has been completed accordingly on a total income of *Rs.27.27 lakhs*.

4. The matter was carried in appeal has been disposed of by the Id. CIT(A) by allowing part relief to the assessee on the basis of books of account including the cash book available on record.

5. The Id. first appellate authority has allowed the assessee the benefit of *Rs.14.72 lakhs* being the cash in hand available on date of demonetisation on

as per cash book, and consequently, the addition has been reduced by the said amount.

6. Now, the assessee is in appeal before the Tribunal praying for deletion of the balance remaining addition of *Rs.7,74,515/-*.

6.1 In course of hearing before the tribunal, the ld. AR of the assessee submitted a paper book containing the print out of the *entire cash book for the F.Y. 2016-17* and has submitted that the entire deposit in bank account has been made out of the sale proceeds from the regular business of food products and the entire deposits are a part of the gross turnover which is duly disclosed in the books of account and in the audited balance sheet.

6.2 He further submitted that the cash balance as on 08.11.2016 was *Rs.14.72 lakhs* as per cash book, the benefit of which has been allowed by the ld. first appellate authority and the remaining amount of *Rs.7,74,515/-* has been sustained on the mis-conception that the said amount is deposit of SBN, when actually it is not so and an amount of *Rs.5.50/- lakhs* was deposited by way of new currency notes and the remaining amount are deposit of SBN.

6.3 He further submitted that even though these are the old SBN notes the same has come out of a joint family savings in old currency which has been exchanged with new currency in course of day to day business transactions. He

further submitted that the cash deposit was a part of the food business turnover and is duly disclosed in the regular books of account and the same is a part of the total turnover the source of the said deposits are fully explained and as such, section 69A shall not apply in this case.

7. The Ld. DR relied on the order of the Ld. CIT (A) and submitted that since the assessee is engaged in the business of food products there was no *exemption* given by the Government to the assessee for accepting of SBN after the date of 08.11.2016, and he further stated that since the benefit of cash in hand was already allowed by the ld. CIT(A) it is the remaining balance amount which has been added back, and he prayed for sustaining the order of the ld. CIT(A).

8. We have heard the rival submission and considered the materials on record and we find that cash deposits in bank account is day to day reflected in the cash book *post demo period* which arise out of sale proceeds of regular business activity supported by sales invoices, cash memos and VAT collection records which relates to regular business activity of the assessee.

8.1 We further note that as per the assessee's own declaration (*contained in page 238 of paper book*) that cash deposit in bank account during the demonetisation period also contain new currency notes amounting to Rs.5.50 lakhs during the period *09.11.2016 to 30.12.2016*, apart from the cash balance

of Rs.14.72 lakhs as on 08.11.2016 (already allowed by the ld. first appellate authority). As such, the benefit of this Rs.5.50 lakhs ( being the deposit of new currency) should be further allowed to the assessee to have arisen out of regular business activity which leaves the assessee with a balance amount of Rs.2,24,515/-, which shall be chargeable to tax at a normal rates considering the fact that the source of such cash deposits are explained to have come out the regular sale proceeds duly recorded in book of accounts and as such, the provisions of *section 69A* shall not apply.

9. In the result, the appeal of the assessee is partly allowed.

**Order pronounced on 21.01.2026 in the Open Court**

**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.

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By order