

**आयकर अपीलीय अधिकरण, इंदौर न्यायपीठ, इंदौर**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**INDORE BENCH, INDORE**  
**BEFORE SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**  
**AND**  
**SHRI B.M. BIYANI, ACCOUNTANT MEMBER**

**ITA No.219/Ind/2025**  
**Assessment Year:2017-18**

Neeta Choudhary, Prop. M/s. Praveen Agencies Uttar Gali, Pansemal (Assessee/Appellant)	<b><u>बनाम/</u></b> <b><u>Vs.</u></b>	ITO, Sendhwa (Revenue/Respondent)
<b>PAN: AIKPC4856G</b>		
Assessee by	Ms. Nisha Lahoti, AR	
Revenue by	Shri Ashish Porwal, Sr. DR	
Date of Hearing	23.12.2025	
Date of Pronouncement	19.01.2026	

**आदेश / O R D E R**

**Per B.M. Biyani, A.M.:**

Feeling aggrieved by order of first appeal dated 30.12.2024 passed by learned Commissioner of Income-Tax (Appeals)-Addl/JCIT(A), Agra ["CIT(A)"] which in turn arises out of assessment-order dated 22.12.2019 passed by learned ITO, Ward-Sendhwa ["AO"] u/s 143(3) of Income-tax Act, 1961 ["the Act"] for Assessment-Year ["AY"] 2017-18, the assessee has filed this appeal on following grounds:

*"1. On the facts and circumstances of the case and applicable law Ld. CIT(A) erred in sustaining the assessment order passed by Ld. AO u/s 143(3) which is contrary to the material on records and provisions of the Act, unjust and bad in law.*

*2. On the facts and circumstances of the case and applicable law. Ld. CIT(A) erred in sustaining the addition made u/s 68 r.w.s. 115BBE of Rs. 5,00,000 by treating the unsecured loan as unexplained cash credit.*

*3. On the facts and circumstances of the case and applicable law. Ld. CIT(A) erred in sustaining the addition made u/s 68 r.w.s. 115BBE of Rs. 5,00,000 by treating the unsecured loan as unexplained cash credit more particularly when the identity, genuineness and creditworthiness of the transaction has been explained.*

*4. On the facts and circumstances of the case and applicable law Ld. CIT(A) erred in sustaining the addition made u/s 68 r.w.s. 115BBE of Rs. 5,00,000 without considering the submissions made and documentary evidences in proper perspective.*

*5. The appellant craves leave to add, amend, alter otherwise raise any other ground of appeal."*

2. The background facts leading to present appeal are such that the assessee-individual filed her return of AY 2017-18 declaring a total income of Rs. 8,35,620/-. The case was selected under scrutiny and the AO issued statutory notices u/s 143(2)/142(1) which the assessee complied. Finally, the AO completed assessment u/s 143(3) after making an addition of Rs. 5,00,000/- u/s 68 on account of unexplained cash credit/loan taken from one Shri Amit Choudhary. Aggrieved, the assessee carried matter in first-appeal but did not get any success. Now, the assessee has come in next appeal before us.

3. We have heard learned Representatives of both sides and carefully perused the case record including the orders of lower authorities. The sole issue involved in present appeal is the addition of Rs. 5,00,000/- made by AO u/s 68 on account of unexplained cash credit and upheld by CIT(A).

4. The Ld. CIT(A) has neatly recorded the AO's observations as well as submissions made by assessee before him, in Para 2 of impugned order, as under:

***"2. Background:***

*2.1 The key issue discussed in the assessment order is the unexplained cash credit of Rs. 5,00,000 in the appellant's books of account. The Assessing Officer treated this amount as unexplained cash credit under section 68 of the Act.*

*2.2 The Assessing Officer's arguments for making this addition were:*

- (i) The appellant received an unsecured loan of Rs. 5,00,000 from Shri Amit Choudhary on 04.07.2016.*
- (ii) On the same day, Shri Amit Choudhary deposited cash of Rs. 5,00,000 in his bank account.*
- (iii) Shri Amit Choudhary's bank account had a meager balance of Rs. 9,249.89 before giving the loan.*
- (iv) Shri Amit Choudhary's returned income for AY 2017-18 was only Rs. 1,24,540.*
- (v) The creditworthiness of Shri Amit Choudhary was not proved.*

*2.3 The appellant's contentions against this addition were:*

- (i) Shri Amit Choudhary is an Income Tax assessee and is regularly filing his returns of income.*
- (ii) Shri Amit Choudhary maintains regular books of accounts and draws yearly balance sheets.*
- (iii) The cash deposit of Rs. 5,00,000 on 04.07.2016 was from a withdrawal of Rs. 6,00,000 made on 01.02.2016.*
- (iv) The identity, creditworthiness, and genuineness of the transaction have been proved.*

5. Finally, the Ld. CIT(A) has dismissed assessee's appeal without giving any relief by passing following order:

***"5. Conclusion:***

5.1 After careful consideration of all the facts of the case, the assessment order, the grounds of appeal, and the submissions made by the appellant, I find no merit in the appeal. The appellant has failed to discharge the onus of proving the creditworthiness of the creditor and the genuineness of the transaction in respect of the cash credit of Rs. 5,00,000.

5.2 The Assessing Officer has correctly made the addition under section 68 of the Income-tax Act, 1961. The initiation of penalty proceedings under section 271AAC is also in accordance with the law.

5.3 The appellant's contentions are found to be incorrect and not supported by adequate evidence. Despite being given opportunities during the assessment and appellate proceedings, the appellant has failed to produce any substantial evidence to support her claims.

5.4 In view of the above, this appeal is dismissed. The assessment order dated 22/12/2019 passed by the Income Tax Officer, Ward Sendhwa under section 143(3) of the Income-tax Act, 1961 for the Assessment Year 2017-18 is hereby upheld in its entirety.

5.5 The addition of Rs. 5,00,000 made by the Assessing Officer under section 68 of the Income-tax Act, 1961 is confirmed. The total assessed income of Rs. 13,35,620 for the Assessment Year 2017-18 stands affirmed."

6. At first, we may mention that the AO has, in Para 5 of assessment-order, doubted the credit worthiness of Shri Amit Choudhary by mentioning thus: "Further, the argument of the assessee that the cash of Rs. 5,00,000/- deposited in the bank account on 04.07.2016 was out of the cash withdrawal of Rs. 6,00,000/- on 01.02.2016 which was available as cash balance in the Cash Book of Shri Amit Choudhary, is also not acceptable as the same is in contradiction with the alleged Balance Sheet as on 31.03.2016 produced. As per this Balance Sheet, creditor has shown cash in hand as on 31.03.2016 at Rs. 4,92,773/-, if the contention of assessee is accepted that cash withdrawal of Rs. 6,00,000/- made on 01.02.2016 was available with the creditor as his cash in hand, the same should have been Rs. 6,00,000/- or more. Thus, the version of the assessee is in contradiction in respect of cash balance."

However, the Ld. AR has pointed out by referring to the letter filed by assessee's A/R, M/s K.R. Mandovra & Co, Chartered Accountants, reproduced by AO on Page 4 of assessment-order, that the assessee made this submission: *"Therefore, the creditworthiness of Shri Amit Choudhary is undoubtedly proved and the amount of Rs. 5,00,000/- given by Shri Amit Choudhary to the assessee is out of his earlier savings and cash withdrawal from bank available in the form of capital/cash in hand in the books of accounts regularly maintained."* Therefore, the observation made by AO that the only source available to Shri Amit Choudhary for making deposit in his bank a/c was cash withdrawal from bank and the conclusion derived against assessee on that basis, is not correct.

7. On a careful consideration, we find that the assessee has taken a total loan of Rs. 8,35,000/- through 10 transactions on different dates from Shri Amit Jagdish Choudhary during the financial year 2016-17 inclusive of first transaction of loan of Rs. 5,00,000/- taken on 04.07.2016. The AO has treated only the first transaction of Rs. 5,00,000/- as unexplained but at the same time accepted rest of 9 transactions aggregating to Rs. 3,35,000/- as explained. Furthermore, the assessee has paid interest regularly year after year during the financial years 2016-17 to 2020-21 to the lender and deducted tax at source (TDS) which is remitted to Income-tax Department. Ultimately, the assessee has also made a repayment of Rs. 12,00,000/- against outstanding balance on 08.02.2021 from C/C Limit A/c of State

Bank of India. Therefore, when the assessee has made repayment to the lender through banking channel, this fact itself goes in favour of assessee that the loan was genuinely taken by assessee from the lender and hence no addition is warranted. This is in line with the view taken by Hon'ble Gujrat High Court in following decisions:

- (i) CIT Vs. Ayachi Chandrashekhar Narsangji (2014) 42 taxmann.com 251 (Guj.)
- (ii) Ambe Tradecorp Pvt. Ltd. (2022) 145 taxmann.com 27 (Guj.)
- (iii) PCIT Vs. Merrigold Gems (P.) Ltd. (2024) 164 taxmann.com 764 (Guj.)

8. Therefore, applying the judicial view taken by Hon'ble High Court in above decisions, we are inclined to delete the impugned addition made by AO and upheld by CIT(A). The assessee succeeds in this appeal.

**9. Resultantly, this appeal is allowed.**

Order pronounced by putting up on notice board as per Rule 34 of ITAT Rules, 1963 on 22/01/2026
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Sd/-

(SIDDHARTHA NAUTIYAL)  
JUDICIAL MEMBER

Sd/-

(B.M. BIYANI)  
ACCOUNTANT MEMBER

**Indore**

दिनांक /Dated : 22/01/2026

Patel/Sr. PS

Copies to: (1) The appellant  
(2) The respondent  
(3) CIT  
(4) CIT(A)  
(5) Departmental Representative  
(6) Guard File

By order  
Senior Private Secretary  
Income Tax Appellate Tribunal  
-Indore Bench, Indore