

**IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT BENCH, SURAT**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
MS. SUCHITRA KAMBLE, JUDICIAL MEMBER**

I.T.A. No. 200/SRT/2025
(Assessment Year: 2017-18)

Rajeshkumar Dhirajlal Vaya, 309, Jay Complex, Near Shree Ram Petrol Pump, Adajan, Surat-395009 [PAN : ABKPS 94445 G]	Vs.	Income Tax Officer, Ward-1(3)(8), Surat
(Appellant)	..	(Respondent)
Appellant by :	Shri Rasesh Shah, CA	
Respondent by:	Ms. Namita Patel, Sr DR	
Date of Hearing	19.01.2026	
Date of Pronouncement	22.01.2026	

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal has been filed by the assessee against the order dated 10.02.2025 passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ('Ld. CIT (A)' in short), under Section 250 of the Income-tax Act, 1961 ('the Act' in short) for Assessment Year 2017-18.

2. The assessee has raised following grounds of appeal:

"1. On the facts and circumstances of the case as well as law on the subject, the learned CIT(A) has erred in confirming the action of assessing officer in making addition of Rs. 45,00,000/-u/s. 68 of the Act on account of alleged unexplained cash credits.

2. On the facts and circumstances of the case as well as law on the subject, the learned assessing officer has erred in taxing the addition by taking the rate @77.25% by invoking S. 115BBE instead of normal tax rate. The addition if any that may be confirmed should be taxed as business income.

3. On the facts and circumstances of the case as well as law on the subject, the assessing officer has erred in taxing the income u/s 115BBE@77.25% in a retroactive manner by applying the duly substituted S.115BBE inserted retrospectively instead of taxing it at 35.54% as per the old provisions of S.115BBE.”

3. The brief facts of the case are that the assessee is engaged in the business of jewellery making and trading under the proprietary concern “Bapa Sitaram Jewellers”. For the year under consideration, the assessee declared total turnover of Rs.7,10,70,613/- and business income of Rs.10,58,219/-. During the demonetisation period, the assessee deposited cash of Rs.45,00,000/- in the bank account, which was explained as arising from cash sales duly recorded in the regular books of account. During assessment proceedings, the assessee furnished cash book, cash sales invoices, stock register, VAT returns, bank statements, as well as charts showing month-wise cash sales, month-wise cash deposits and corresponding stock details for the year under consideration. The Assessing Officer, without rejecting the books of account under section 145(3) of the Act, treated the cash deposits as unexplained u/s 68 and taxed the same u/s 115BBE of the Act. The addition was confirmed by the Ld. CIT(A).

4. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

5. We have carefully considered the rival submissions and perused the material available on record. It is noted that the assessee has disclosed total turnover of about Rs.7 crores during the year. Against such turnover, cash sales of Rs.45,00,000/- constitute a small and reasonable proportion. The assessee has placed on record charts showing month-wise cash deposits and corresponding stock details, as well as month-wise cash sales and cash deposits for the year under consideration. These details were produced before the Assessing Officer

- 3-

and remain undisputed. We further find that there is no discrepancy in the stock records, and there is no allegation by the Assessing Officer that the assessee has effected sales without having corresponding stock or that the stock shown in the books is incorrect. Therefore, considering the volume of turnover of more than Rs.7 crores, the nature of the jewellery business, and the supporting documentary evidences produced, we find no unreasonableness in the cash deposits of about Rs.49 lakhs, including the cash deposits of Rs.45,00,000/- made during the demonetisation period. Accordingly, in the absence of any defect in the books of account, discrepancy in stock, or cogent material to suggest that the cash deposits represented unexplained sources, the addition made u/s 68 of the Act is unsustainable and liable to be deleted.

6. In the result, the appeal of the assessee is allowed.

This order is pronounced in the open Court on 22.01.2026

Sd/-

**(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

Surat; Dated 22/01/2026

btk

Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण ,/DR,ITAT, Surat,
6. गार्ड फाईल /Guard file.

आदेशानुसार/ BY ORDER,

TRUE COPY

सहायक पंजीकार (Asstt. Registrar)
आयकर अपीलीय अधिकरण
ITAT, Surat