

IN THE INCOME TAX APPELLATE TRIBUNAL “D” BENCH, MUMBAI

BEFORE SHRI VIKRAM SINGH YADAV, AM
AND
MS. KAVITHA RAJAGOPAL, JM

ITA No.7294/Mum/2025
(Assessment Year: 2017-18)

M/s. R.M. Bhuther and Co., Bhagwandas R. Bhattad Partner of R M Bhuther and Co., 104, Bajaj Bhavan 104, Nariman Point, Mumbai- 400021	Vs.	National Faceless Appeal Centre (NFAC)/Central Circle 5(1), DCIT Room No.426, Kautilya Bhavan, Bandra Kurla Complex, Mumbai- 400051
PAN No.AANFR6658Q		
(Appellant)	:	(Respondent)
Assessee by	:	Shri Vimal Punmiya, AR
Respondent by	:	Shri Umashankar Prasad, CIT DR
Date of Hearing	:	19.01.2026
Date of Pronouncement	:	23.01.2026

ORDER

Per Kavitha Rajagopal, J M:

This appeal has been filed by the assessee, challenging the impugned order of the Learned Commissioner of Income Tax (Appeals) [‘Ld. CIT(A)’ for short], passed u/s.250 of the Income Tax Act, 1961 (“the Act” for short), pertaining to the Assessment Year (‘AY’ for short) 2017-18.

2. The assessee has raised the following grounds of appeal:

“1. On the facts and circumstances of case and in law, the Ld. CIT has erred in confirming the Assessment Order passed by the Ld. AO under section 143(3) of Income Tax Act which is passed against the principal of natural justice.

2. On the facts and in the circumstances of the case and in law, the Ld. CIT has erred in confirming the addition of Rs.85,00,000/- (being unsecured loans from various parties) taken as unexplained cash under section 68 r.w.s 115BBE of the Income Tax Act, 1961 despite relevant documents being submitted in order to substantiate the claim.



3. *On the facts and in the circumstances of the case and in law, the Ld. CIT has erred in confirming the application of Section 115BBE (taxation of unexplained credits at a higher rate) without establishing that the amount was undisclosed income. Further the Ld. AO has mechanically invoked Section 68 r.w.s. 115BBE of the Income Tax Act, 1961 without Pointing out specific deficiencies in the submitted documents. Disproving the authenticity of evidence through independent inquiry (e.g., issuing notices to the lender u/s 131). The order is vitiated by suspicion and non-application of mind, warranting quashing of the impugned addition.*

4. *On the facts and in the circumstances of the case and in law, the Ld. CIT erred in confirming the order passed by the Ld. AO although the assessee has discharged its onus of proving the identity, genuineness and creditworthiness of the lenders.*

5. *On the facts and in the circumstances of the case and in law, The Ld. CIT(A) erred in confirming the charging of interest under section 234B of the Income Tax Act 1961.*

6. *On the facts and in the circumstances of the case and in law, the Ld. CIT erred in upholding initiation of penalty proceeding under section u/s 270A of the Income Tax Act 1961.*

7. *The Appellant craves leave to add amend and or delete any of the above grounds of Appeals.”*

3. Brief facts of the case are that the assessee is a partnership firm and had filed its original return of income dated 06.11.2017 declaring total income at Rs.Nil and the same was processed u/s 143(1) of the Act. The assessee's case was selected for scrutiny under CASS and notices u/s 143(2) and 142(1) of the Act were duly issued and served upon the assessee. The Learned Assessing Officer (“the Ld. AO” for short) observed that the assessee has received unsecured loans amounting to Rs.126,67,39,656/- during the year under consideration for which the Ld. AO had sought for details of ITR, bank statements and confirmation letters of lenders. Upon perusal of the same, the Ld. AO confirmed that the assessee was unable to prove the identity and creditworthiness of some of the lenders and genuineness of the transactions which aggregated to Rs.85,00,000/- pertaining to six parties. The Ld. AO concluded the assessment vide order dated 27.12.2019 passed u/s



143(3) of the Act thereby determining total income at Rs.85,00,000/- after making an addition of the impugned amount u/s 68 of the Act.

4. Aggrieved, the assessee was in appeal before the first appellate authority who vide order dated 25.09.2025 upheld the addition made by the Ld. AO on the same ground that the assessee has failed to prove the initial burden casted upon it in proving the identity and creditworthiness of the lenders and genuineness of the transactions.

5. The assessee is in appeal before us challenging the impugned order of the Ld. CIT(A).

6. We have heard the rival submissions and perused the materials available on record.

7. The Learned Authorized Representative (“Ld. AR” for short) for the assessee contended that the assessee was unable to furnish the complete details before the Ld. AO but had filed the same before the Ld. CIT(A). The Ld. AR further stated that the first appellate authority has failed to consider the documentary evidences filed by the assessee to prove the identity, creditworthiness of the parties/lenders and the genuineness of the transactions. The Ld. AR prayed that the matter be remanded to the Ld. AO for providing the assessee with an opportunity to furnish all the details pertaining to the impugned transactions.

8. The Learned Departmental Representative (“Ld. DR” for short), on the other hand, vehemently opposed to the same and contended that the assessee was given several



opportunities which were not availed by the assessee. The Ld. DR relied on the orders of the lower authorities.

9. From the above factual matrix of the case, it is evident that the assessee has not furnished complete details pertaining to the loan transactions of six lenders before the lower authorities. Though the assessee claims that the same has been filed before the Ld. CIT(A), it is observed that the Ld. CIT(A) has not sought for a remand report from the Ld. AO. In furtherance of extending one more opportunity to the assessee, we deem it fit to remand all these issues back to the file of the Ld. AO to consider all the documentary evidences proposed to be filed by the assessee to discharge the initial onus casted upon it for proving the identity, creditworthiness of the lenders and genuineness of the transactions by adhering to the principles of natural justice and in the interest of justice dispensation. The assessee is also directed to strictly comply with the proceedings before the Ld. AO without any undue delay from its side and the Ld. AO shall pass a *denovo* assessment order on the merits and in accordance with law.

10. In the result, the appeal filed by the assessee is hereby allowed for statistical purposes.

Order pronounced in the open court on 23.01.2026

Sd/-
(VIKRAM SINGH YADAV)
ACCOUNTANT MEMBER

Sd/-
(KAVITHA RAJAGOPAL)
JUDICIAL MEMBER

Mumbai; Dated: 23.01.2026

*Kishore, Sr. PS



ITA No.7294/Mum/2025
M/s. R.M. Bhuther and Co.

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT- concerned
4. DR, ITAT, Mumbai
5. Guard File

BY ORDER,

(Dy./Asstt.Registrar)
ITAT, Mumbai