

**INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH "SMC": AGRA
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 430/AGR/2025
(Assessment Year: 2017-18)**

Sanay Kumar, Gali Gullu Ji, Mahaveer Ganj, Aligaryh Ho. Aligarh, UP (Appellant)	Vs.	ITO, Ward-4(1)(1), Aligarh (Respondent)
PAN: ABRPK4166F		

Assessee by :	Shri Rajiv Goyal, Adv
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	20/01/2026
Date of pronouncement	21/01/2026

ORDER

1. The appeal in ITA No. 430/AGR/2025 for AY 2017-18, arises out of the order of the National Faceless Appeal Centre, Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 28.07.2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 27.12.2019 by the Assessing Officer, ITO, Ward-4 (1)(4), Aligarh (hereinafter referred to as 'Id. AO').
2. Though the assessee has raised several grounds of appeal, the only effective issue to be decided in this appeal is as together the Id CIT(A) watch justified in confirming the addition made by the Id Assessing Officer on account of cash deposits made during demonization period in the sum of ₹40,00,300 u/s 68 of the Act in the facts and circumstances of the instant case.

3. I have heard the rival submissions and perused the materials available on record. The assessee is running a proprietary concern engaged in the business of retail trading activity of auto parts, dhaal and paan masala. The entire audited books of account and audited financial statements were furnished before the Id AO and the same were examined by the Id AO on test check basis which fact is confirmed by the Assessing Officer in page 2 of his order. It is not in dispute that the assessee has deposited cash during demonetization period as under: –

With Canara Bank	₹ 34,26,000/-
With Central Bank	Rs. 2,90,000/-
With IDBI Bank	Rs. 2,84,300/-
Total	Rs. 40,00,300/-

4. The assessee was asked to explain the source of cash deposits. The assessee filed its reply on 18.11.2019 submitted that the source of cash deposits is from sales, debtors and other business activities. The Id Assessing Officer noted that the business was started by the assessee in October 2016 and he had made cash sales of ₹27,68,677/- out of total sales of ₹30,08,917/-. The Id Assessing Officer observed that assessee had not furnished any documentary evidences and concluded that the source of cash deposits remain unexplained and accordingly made an addition of ₹40,00,300/- as unexplained cash credit u/s 68 of the Act. This action of the Id AO was upheld by the Id CIT(A).

5. The Id AR before me pointed out that assessee had furnished all the details together with the audited books of account and the source for cash deposits, to have emanated out of cash sales and the cash realization made from debtors. The Id AR furnished the VAT assessment order together with

the VAT returns which are enclosed in the paper book. The Id AR also furnished the confirmation of debtors wherein the debtors had duly confirmed the payment of cash to the assessee with regard to supply of goods. He prayed for setting aside of this issue to the file of the Id AO so that these documentary evidences could be duly examined by the Id AO in the interest of justice. Accordingly, I deem it fit and appropriate, in the interest of justice and fairplay, to restore this issue to the file of Id AO for de novo adjudication in accordance with law. The assessee is also given liberty to furnish fresh evidences, if any, in support of his contentions. The Id AO is directed to consider all the evidences submitted by the assessee and pass a speaking order in accordance with law, uninfluenced by earlier order passed by him qua the assessee. With these observations, the grounds raised by the assessee are allowed for statistical purposes by restoring to the file of Id AO.

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

Order pronounced in the open court on 21/01/2026.

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 21/01/2026
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi