

**IN THE INCOME TAX APPELLATE TRIBUNAL
“D” BENCH, AHMEDABAD**

**BEFORE SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER
&
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

I.T.A. No.1725/Ahd/2025
Assessment year : 2018-19

Devendrakumar Ghevarchand Jain, C/502, Samarthay Premium Ramnagar, Sabarmati, Ahmedabad Gujarat - 380005	Vs .	Income Tax Officer, Ward-1(2)(1), Ahmedabad
[PAN No.BBNPJ1216L]		
(Appellant)	..	(Respondent)

Appellant by :	Shri S.N. Divatia & Samir Vora, ARs
Respondent by:	Shri Rameshwar P Meena, Sr. D.R

Date of Hearing	20.01.2026
Date of Pronouncement	28.01.2026

ORDER

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed National Faceless Appeal Centre Delhi (in short “NFAC”), vide order dated 08.07.2025 passed for A.Y. 2018-19.

2. The assessee has taken the following grounds of appeal:-

“1. The order passed by u/s 250 passed on 08.07.2025 by NFAC Delhi on 08.07.2025b For A.Y 2018-19 by NFA [CIT(A)], Delhi (for short CIT(A)” upholding the addition aggregating to Rs. 46,40,082/- towards unsecured loans made by A.O. as unexplained credit u/s 68 of the Act, is wholly illegal, unlawful and against the principles of natural justice.

2. The Id. CIT(A) has grievously erred in law and or on facts in not appreciating the explanation furnished and evidence produced by the appellant in respect of the impugned addition.

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3. *The ld. CIT(A) has grievously erred in law and or on facts in upholding addition aggregating to Rs. 46,40,082/- towards unsecured loans made by A.O. as unexplained credit u/s 68 of the Act.*

4. *That the in the facts and circumstances of the ld. CIT(A), ought not to have upheld addition aggregating to Rs. 46,40,082/- towards unsecured loans made by A.O. as unexplained credit u/s 68 of the Act.*

It is therefore prayed that the addition aggregating to Rs. 46,40,082/- upheld by the CIT(A) may kindly be deleted.

3. The brief facts of the case are that the assessee, an individual engaged in the business of trading and export of chemicals as proprietor of Metro Trade Chem, filed his return of income for Assessment Year 2018-19 on 25.10.2018 declaring total income of Rs.7,04,680/-. The return was processed under section 143(1)(a) of the Income Tax Act, 1961 (“the Act”) and subsequently the case was selected for complete scrutiny on the ground that the assessee had entered into transactions with a company whose registration had been cancelled by the Ministry of Corporate Affairs, namely Gujarat Solar City Corporation Pvt. Ltd.

4. During the assessment proceedings, notices under sections 143(2) and 142(1) of the Act were issued from time to time calling upon the assessee to furnish details of unsecured loans, establish the identity and creditworthiness of the creditors and the genuineness of the transactions, explain the purpose and utilisation of the loans and submit supporting bank statements and ledger accounts, particularly in respect of transactions with Gujarat Solar City Corporation Pvt. Ltd. According to the Assessing Officer, despite several reminders, the assessee did not

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submit complete details. The assessee furnished certain particulars such as commission paid, fixed asset details and freight and clearance charges and stated that the remaining information was under compilation. As the Assessing Officer was not satisfied with the compliance, a show-cause notice was issued proposing addition of unsecured loans amounting to Rs.46,40,082/- under section 68 of the Act. In reply, the assessee filed ledger extracts and confirmations in respect of two creditors but did not furnish bank statements or complete documentary evidence. The Assessing Officer held that the assessee had failed to discharge the onus cast upon him under section 68 of the Act to prove the identity, creditworthiness and genuineness of the loan transactions, particularly in respect of Gujarat Solar City Corporation Pvt. Ltd., and therefore treated the entire sum of Rs.46,40,082/- as unexplained cash credits. The returned income of Rs.7,04,680/- was accordingly enhanced to Rs.53,44,762/- and penalty proceedings under section 271AAC were initiated separately.

5. Aggrieved, the assessee carried the matter in appeal before the CIT(Appeals). In the appellate proceedings, the assessee contended that he had made efforts to obtain confirmations and details from Gujarat Solar City Corporation Pvt. Ltd., that letters sent to the said party were returned unserved with the remark “left” as its registration had already been cancelled, and that further time ought to have been granted to enable him to gather the necessary material. **It was also submitted that, apart from the said company, there were three other loan creditors**

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aggregating to Rs.15,21,450/- in respect of whom confirmations, PAN and addresses had been furnished and therefore the addition to that extent ought to be deleted.

6. The CIT(Appeals), however, after examining the assessment order and submissions, held that the Assessing Officer had given sufficient opportunities to the assessee and that the assessee had failed to discharge the burden under section 68 of the Act in respect of the loan of Rs.46,40,082/- received from Gujarat Solar City Corporation Pvt. Ltd. The CIT(Appeals) reproduced the findings of the Assessing Officer regarding repeated notices, inadequate compliance and non-furnishing of bank statements and supporting documents, and concluded that there was no infirmity in the addition made by the Assessing Officer. Accordingly, the addition of Rs.46,40,082/- was confirmed and the appeal of the assessee was dismissed by CIT(Appeals).

7. Before the Tribunal, the learned counsel for the assessee submitted that during the course of assessment proceedings the assessee and his wife had tested COVID-19 positive during October-November 2020 and that the nationwide lockdown in March 2020 also prevented timely compliance with notices. It was submitted that very short time had been granted by the Assessing Officer to respond to the final show-cause notice and that despite uploading several details earlier, the assessee could not furnish information relating to Gujarat Solar City Corporation Pvt. Ltd. as the company had closed down and was not traceable, and

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even letters sent by speed post were returned unserved. It was argued by the Counsel for the assessee that the assessee was thus prevented by sufficient cause from producing complete evidence and that the conditions of Rule 46A were satisfied for admitting additional evidence. The counsel further submitted that in the appellate proceedings before CIT(Appeals), the assessee had uploaded replies along with documents on 09.06.2025 and 16.06.2025 which were not considered by the CIT(Appeals), even though at page 3 of the appellate order, CIT(Appeals) acknowledged that some details had been filed. The Counsel for the assessee also pointed out from page 9 of the paper-book that it is evident that certain documents had already been submitted before the Assessing Officer as well. On these premises, the Counsel for the assessee submitted that the matter may kindly be restored to the file of the Assessing Officer for fresh consideration in the interest of justice.

8. We have heard the rival contentions and perused the material on record.

9. It is seen that the addition under section 68 of the Act has been made mainly on the ground that the assessee could not furnish complete documentary evidence to establish the genuineness of unsecured loans received from Gujarat Solar City Corporation Pvt. Ltd. The assessee has, however, consistently contended that he was prevented by sufficient cause from producing the full details due to the COVID-19 pandemic, lockdown restrictions and the fact that the said company had closed its

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business and was not traceable. We also find force in the submission that the time granted by the Assessing Officer at the final stage was very short and that certain details were in fact filed earlier, as is evident from the paper-book, and that even the CIT(Appeals) has recorded at page 3 of his order that partial details were submitted by the assessee which were not fully taken into consideration. In these circumstances, and having regard to the principles of natural justice, we are of the considered view that the assessee deserves one more opportunity to place all relevant material on record and that the issue requires fresh examination at the level of the Assessing Officer.

10. Accordingly, in the interest of justice, we restore the matter to the file of the Assessing Officer for de-novo consideration in accordance with law after affording adequate opportunity of being heard to the assessee and after considering all documents and explanations that may be furnished by him. The assessee is also directed to cooperate fully in the proceedings and to file all supporting evidence in support of his claim.

11. The appeal of the assessee is allowed for statistical purposes.

This Order is pronounced in the Open Court on 28/01/2026

Sd/-
(NARENDRA PRASAD SINHA)
ACCOUNTANT MEMBER

Ahmedabad; Dated 28 /01/2026

Neelesh, Sr. PS

True Copy

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.

Sd/-
(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

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3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad