

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई।
**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH: CHENNAI**

सुश्री पद्मावती एस, लेखा सदस्य के समक्ष
श्री मनु कुमार गिरि, न्यायिक सदस्य एवं

**BEFORE MS. PADMAVATHY S, ACCOUNTANT MEMBER AND
SHRI MANU KUMAR GIRI, JUDICIAL MEMBER**

आयकर अपील सं./ITA No. 2541/Chny/2025

निर्धारण वर्ष/Assessment Year: 2017-18

MANACKRAJ KAMARAJ No. 23/10, Ramar Koil Street, Ambur-635 802. Tamil Nadu	v.	ITO NCW 11(2) Chennai
[PAN: ALZPK 7476 Q]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Mr. Anandd Babunath, CA
प्रत्यर्थी की ओर से /Revenue by	:	Ms. Gouthami Manivasagam Addl. CIT
सुनवाईकीतारीख/Date of Hearing	:	28.01.2026
घोषणाकीतारीख /Date of Pronouncement	:	29.01.2026

आदेश / ORDER

PER MANU KUMAR GIRI, JM:

This appeal is directed against the order passed by the Id.Commissioner of Income Tax (Appeals), NFAC, [CIT(A) in short] dated 22.07.2025 confirming the assessment framed by the Assessing Officer u/s.143(3) of the Income Tax Act, 1961 ("the Act"), whereby an addition of Rs.25,69,251/- was made by treating



credit card payments as unexplained cash credits u/s. 68 of the Act, 1961.

2. The assessee is an individual engaged in running a chat and juice shop in the name and style of Brunch Chat and Juices Shop and also deriving commission and interest income from money lending activity. For the relevant assessment year, the assessee filed return of income declaring total income of Rs.4,43,200/-.The case was selected for limited scrutiny under CASS for the specific reason "Credit Card Payments". Notices u/s.s 143(2) and 142(1) were issued calling for details of credit card payments and source thereof.During the assessment proceedings, the assessee furnished bank statements and credit card statements of Citi Bank, HDFC Bank, ICICI Bank and SBI. The Assessing Officer, being of the view that the assessee failed to satisfactorily explain the source of credit card bill payments aggregating to Rs.25,69,251/-, issued a show cause notice proposing addition.The assessee explained that the credit card payments were largely made on behalf of relatives and family friends and were subsequently reimbursed either in cash or through banking channels, and that such payments were never claimed as business expenditure in the return of income.The



Assessing Officer, however, completed the assessment by treating the entire credit card payments as unexplained cash credits u/s.68, taxed the same u/s.115BBE, raised demand u/s. 156 amounting to Rs.27,87,686/-.

3. The Id. CIT(A) confirmed the addition, observing that the assessee failed to substantiate the source of payments.

4. Aggrieved, the assessee is in appeal before the Tribunal.

5. The Id. Authorised Representative submitted that credit card payments are debits and cannot be brought to tax as unexplained cash credits u/s. 68, which applies only where a sum is found credited in the books. He further submitted that the case was selected for limited scrutiny and the AO exceeded jurisdiction by treating the issue as cash credits without approval of the Pr. CIT for conversion into complete scrutiny. All detailed explanations and confirmations from relatives and friends were furnished, which were not examined by the AO. He further noted that the credit card payments were not claimed as business expenditure, and therefore no income element arises. He stated that the matter requires proper factual verification and opportunity of hearing.



6. The Id. Departmental Representative relied on the orders of the lower authorities and submitted that the assessee failed to prove the source of payments.

7. We have carefully considered the rival submissions, perused the orders of the authorities below and examined the material placed on record, including the paper book filed by the assessee. It is an undisputed fact that the assessment was selected for limited scrutiny on the issue of credit card payments. It is also evident from the assessment order that the addition has been made by invoking section 68, treating credit card payments as unexplained cash credits.

8. At the outset, we observe that the core issue involved is verification of the source of payments made towards credit card bills, which is a factual aspect requiring examination of supporting evidence such as reimbursements, confirmations, bank entries and nexus with personal or third-party expenditure. The assessee has consistently contended that a substantial portion of the payments were made on behalf of relatives and family friends and were reimbursed subsequently, and that such payments were not claimed as expenditure in the computation of income. The assessee has now



placed on record confirmation letters and supporting material. We find merit in the contention that these evidences were not properly examined or verified by the Assessing Officer. The assessment order reflects that the addition has been made primarily on the ground that the source was not explained, without undertaking a detailed verification of confirmations or reimbursement claims.

9. Considering the totality of facts, we are of the view that the interests of justice would be served by restoring the issue to the file of the Assessing Officer for a fresh examination of the source of credit card payments, strictly within the framework of law and after granting adequate opportunity to the assessee. While doing so, the Assessing Officer shall confine the enquiry to the issue of credit card payments, being the subject matter of limited scrutiny and examine the assessee's claim that the payments were made on behalf of relatives/friends and reimbursed, on the basis of confirmations and bank evidence. AO will pass a speaking order in accordance with law, without being influenced by earlier observations.

10. In the result, the appeal of the assessee is allowed for statistical purposes, and the matter is set aside to the file of the Assessing



ITA No.2541/Chny/2025 (AY 2017-18)
Manackraj Kamaraj VS ITO NCW 11(2) Chennai

:: 6 ::

Officer for de novo consideration in accordance with law and observations made herein above.

Order pronounced in the open court on 29th day of January, 2026 at Chennai.

Sd/-
(पद्मावती एस)
(PADMAVATHY S)

लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-
(मनु कुमार गिरि)
(MANU KUMAR GIRI)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 29 JANUARY, 2026.

SNDP, Sr. PS

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीय प्रतिनिधि/DR
5. गार्डफाईल/GF