

**IN THE INCOME-TAX APPELLATE TRIBUNAL “G” BENCH,
MUMBAI**

**BEFORE SHRI ANIKESH BANERJEE, JUDICIAL MEMBER
&
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER**

**ITA No.5502/MUM/2025
(A.Y. 2017-18)**

Gnana Kathir Singarayar, Room No.1, Row N Block No. 12, Transit Camp, Dharavi, Mumbai - 400 017, Maharashtra	v/s. बनाम	Income Tax Officer, Piramal Chambers, Lalbaug, Mumbai - 400012, Maharashtra
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: APYPS5634M		
Appellant/अपीलार्थी	..	Respondent/प्रतिवादी

Appellant by :	None
Respondent by :	Shri Swapnil Choudhary (Sr. AR)

Date of Hearing	24.12.2025
Date of Pronouncement	30.01.2026

आदेश / ORDER

PER PRABHASH SHANKAR [A.M.] :-

The present appeal arising from the appellate order dated 22.08.2025 is filed by the assessee against the order passed by the Learned Commissioner of Income-tax (Appeals)/National Faceless Appeal Centre, Delhi [hereinafter referred to as “CIT(A)”] pertaining to assessment order passed u/s. 143(3) of the Income-tax Act, 1961 [hereinafter referred to as “Act”] dated 28.12.2019 for the Assessment Year [A.Y.] 2017-18.



2. The grounds of appeal are as under:

Ground No.1 69A ADDITION

The learned CIT(A) erred on facts, in law in confirming cash deposit of RS. 6,46,26,020/- as unexplained income without appreciating that the deposits are out of the business receipts of the appellant who is engaged in the business of wholesaler of Bharti Airtel recharge and SIM card sales, and an approved money transfer agency with Airtel Payments Bank Ltd.

The Learned CIT(A) failed to accept that your appellant in engaged in the same business since last several years and cash deposit in the bank account was not new during the demonetisation period.

The Learned CIT(A) failed to accept that your appellant had made a turnover of Rs.3103.82 Lacs from recharge vouchers and Rs. 3370.48 lacs turnover from money transfer business most of which was collected against the sales/customer and then deposited in the Bank account.

The Learned CIT(A) failed to appreciate that being an authorised money transfer agent we were authorised to collect old denomination notes from our customers for depositing in our bank account for subsequent transfers to their desired members bank accounts.

The Learned CIT (A) failed to appreciate the quantum of cash deposit are in the normal course of his business of your appellant.

2) The Learned CIT(A) has erred in levying tax on above referred addition u/s. 115BBE of the I T Act, 1961.

3. Briefly stated facts of the case as culled from the impugned orders are that the assessee filed the Return of Income, declaring a total income of Rs. 9,72,120/-. The case was selected for limited scrutiny under CASS. During the assessment proceedings, it was observed that he had deposited a substantial amount of cash, totalling Rs. 6,46,26,020/-, in multiple bank accounts with Indian Bank, Dharavi Branch, during the demonetization period (November 9, 2016, to December 30, 2016). The



Assessing Officer issued several notices under section 143(2) and 142(1) of the tax Act, including specific show-cause notices, requesting explanations regarding the nature and source of these cash deposits, along with various other business details e.g., list of unsecured loans, loans & advances, customer details for recharge card sales, purchase details of recharge cards, and bank certificates with denomination slips. The assessment order explicitly notes consistent non-compliance by the assessee to these statutory notices. Despite being afforded numerous opportunities and sufficient time, the assessee failed to furnish the requested details or any satisfactory explanation. Consequently, the AO concluded that the cash deposits of Rs. 6,46,26,020/- represented unexplained business income and added the same to its total income. The assessment was completed ex-parte, under section 144 of the Act, determining the total income at Rs. 6,55,98,140/-.

4. Before the Id.CIT(A), in the written submission accompanying the Form 35, the assessee, reiterated its business activities as a wholesaler of Bharti Airtel recharge and SIM card sales, and an approved money transfer agency. They claimed that the majority of sales proceeds were collected in cash and deposited in banks, with daily payments made to Bharti Airtel and Airtel Payments Bank Ltd. They had a turnover of Rs. 3103.82 lakh from recharge vouchers and Rs. 3370.48



turnover from money transfer. It further claimed to have submitted various documents online to the AO on December 19, 2019, including: 1. Copy of Balance Sheet 2. Copy of Bank Account statements of all banks 3. A note on business activities 4. Details of sales and purchases 5. Details of cash sales and cash deposits in banks 6. Ledger of salary & wages. It was contended that the AO disregarded these submissions and erroneously added the cash deposits to the income. The assessee asserted that the deposits were normal business transactions, and that the government had permitted the use of old currency for telecom products.

4.1 The Id.CIT(A) observed the core of the dispute revolves around the unexplained cash deposits totalling Rs. 6,46,26,020/- made during the demonetization period. As per the provisions of the Act, onus was on the assessee to explain the nature and source of any unexplained cash credits or investments. The AO provided ample opportunities to the appellant to furnish explanations and supporting evidence through multiple notices issued under sections 143(2) and 142(1), as well as show-cause notices. Despite the claims made in the submission that various documents were submitted online, the record available for the appellate proceedings indicates that only the agreement with Bharti Airtel dated July 6, 2007, was submitted and no other supporting



evidences such as the balance sheet, bank statements, sales/purchase details, or cash deposit details were provided either to the AO or during the appellate proceedings to substantiate the claims of normal business transactions or the source of the cash deposits. A mere assertion in the appeal submission that documents were provided, without actual submission of such documents for verification either during assessment or appellate stages, could not be accepted. Its consistent failure to comply with the statutory notices and provide satisfactory explanations and documentary evidence left the Assessing Officer with no option but to complete the assessment based on the available information and material on record. The appellant's argument that the cash deposits were normal business receipts and that the government permitted the use of old currency for telecom products holds no weight in the absence of verifiable supporting documents like proper books of accounts, daily cash tallies, or reconciliation statements. The burden of proof to explain large cash deposits rests squarely on the assessee, especially during a period like demonetization, which required greater scrutiny of cash transactions. The assessee had clearly failed to discharge this burden. Accordingly, he concluded that the appellant failed to substantiate its claims with concrete evidence. The appeal was therefore, dismissed.



5. Before us, none appeared from the side of the assessee. The Id.DR placed reliance on the orders of the lower authorities.

6. It is evident that the assessment order has been passed u/s 144 of the Act on account of non-compliance by the assessee. Even before the Id.CIT(A), there was no compliance. Accordingly, the issues in hand were considered and adjudicated by both the lower authorities in ex parte manner. Thus, the assessee was not heard. In the grounds of appeal, we find that the assessee has raised various grounds of appeal challenging the impugned additions. In our view, the assessee should be accorded one more final opportunity in this regard to represent his case, following the principles of natural justice.

6.1 In the light of above observations and in the substantial interest of justice, we set aside the appellate order and restore the entire matter back to the AO for passing the assessment order *de novo*. In case of any failure on the part of the assessee, he would be at liberty to pass order after considering the materials on record. The assessee will not seek any adjournment on frivolous ground and remain cooperative during the course of assessment proceedings.



7. In the result, the appeal is allowed for **statistical purposes.**

Order pronounced in the open court on 30/01/2026.

Sd/-

ANIKESH BANERJEE

(न्यायिक सदस्य / JUDICIAL MEMBER)

Sd/-

PRABHASH SHANKAR

(लेखाकार सदस्य/ACCOUNTANT MEMBER)

Place: मुंबई/Mumbai
दिनांक /Date 30.01.2026
Lubhna Shaikh / Steno

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT,
Mumbai
5. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//
आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण/ ITAT, Bench,
Mumbai.

