



**IN THE INCOME TAX APPELLATE TRIBUNAL, RAJKOT BENCH, RAJKOT  
BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER  
AND  
DR. DINESH MOHAN SINHA, JUDICIAL MEMBER**

**आयकरअपीलसं./ITA No. 318/RJT/2025**

**Assessment Year: (2017-18)**

Manishbhai Rameshbhai Bhut Koper Industrial Area, Street No.2, 8-B, NH, Gondal Road, Kangashiyali, Rajkot-360001	Vs.	The ITO, wd – 1(2)(2), Aayakar Bhavan, Race Course Ring Road, Rajkot – 360001
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: ANRPB1281A		
<b>(Appellant)</b>		<b>(Respondent)</b>

**Appellant by** : Ms. Rutvika , Ld. AR  
**Respondent by** : Shri Abhimanyu Singh Yadav, Ld. Sr. DR  
**Date of Hearing** : 16/01/2026  
**Date of Pronouncement** : 30/01/2026

**आदेश / ORDER**

**Per, Dr. Dinesh Mohan Sinha, JM:**

Captioned appeal filed by the assessee, pertaining to Assessment Year (AY) 2017-18, is directed against the order passed by the Learned Commissioner of Income Tax(Appeals), National Faceless Appeal Centre, Delhi [in short “the Ld. CIT(A)/NFAC”], dated 11.04.2025, which in turn arises out of an assessment order passed by Assessing Officer (in short “the AO”) u/s 143 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”), vide order dated 16.12.2019.

2. Grounds of appeal raised by the assessee, are as follows:

*“1.0 The learned assessing officer has finalized the assessment in violation of principles of natural justice and the assessment order founded on violation of principles of natural justice may kindly be quashed and justice be done;*



*2.0 The learned assessing officer has erred in law and on facts in making addition u/s 68 r.w.s. 115BBE of the Act of Rs. 32,86,000/-, as alleged income from undisclosed sources, which may kindly be deleted and justice be done.”*

3. Brief facts of the case are that the assessee has e-filed return of income ITR-3 showing income of Rs.3,80,390/- on 30.10.2017. The case was selected for scrutiny through CASS. Accordingly, a notice u/s.143(2) was issued on 27.09.2018. Then after notice asking information/details in respect of assessment proceedings. Subsequently, due to change in incumbent, a notice u/s. 142(1) r.w.s.129 of the I.T. Act, 1961 was issued on 07.08.2019. Further notice asking information/details in respect of assessment proceedings. Notice was issued to HDFC Bank, Rajkot calling bank statement and cash deposits during demonetization period. Bank has complied notice issued u/s. 133(6) of the Act. The assessee has not made compliance to any of the notices. The entire proceedings are completed through e-assessment. A show-cause notice dated 22.11.2019 issued. In response to the same assessee has filed only adjournment letter dtd. 27th November 2019 only. The assessee has not responded to this show cause notice also. Therefore, the assessment finalized u/s 144 of the Act on the basis of material available. However, the assessee has not explained source of cash deposited during the demonetization period. Further, from the copy of HDFC bank account statement A/c. No.3798630000247 shows Total cash deposited by OLD Cash 500& 1000 Notes i.e. SBN at Rs.35,86,000/- during demonetization period. As per details provided by the Bank, the assessee has deposited cash in old currencies of denomination of Rs.500/- and Rs. 1000/- valued to Rs.35,86,000/-. In view of the above facts, the assessee has shown cash in hand as on 31.03.2016 at Rs.40,556/-. However, looking to the income shown at Rs.3,80,390/- only, therefore, in the interest of justice, Rs.3,00,000/- allowed as cash on hand in absence of explanation along with documentary evidence, it was held that the cash deposited during the demonetization period at Rs.32,86,000/- represented income from undisclosed sources. Hence, the cash



deposited during the demonetization period at Rs. 32,86,000/- is unexplained cash credit u/s.68 of the Act, and added to the total income of the assessee, taxed u/s.115BBE of the Act, and total income is determined as under:

Income as per return of income	Rs. 3,80,390
Add: Addition u/s.68 of the Act	Rs.32,86,000/-
Total taxable income	Rs.36,66,390/-

4. That the assessee filed an appeal against the order of the AO, before the Ld.CIT(A). That the Ld.CIT(A) dismissed the appeal of the assessee, observing as follows:

*“In view of the above facts, it is evidently clear that the cash deposits made in the bank especially during the demonetization period are unexplained, and from undisclosed sources, the same was not offered for taxation purposes. The assessee was unable to prove that in normal business or otherwise, he was possessed of so much cash. In this case, the provisions of section 69A of the I.T. Act are clearly attracted since the assessee has not at all explained nature and source of such deposits made in the bank accounts during the demonetization period. It is also seen that the assessee has shown cash in hand as on 31.03.2016 at Rs.40,556/-, However, looking to the income shown at Rs.3,80,390/- only, therefore, in the interest of justice, Rs.3,00,000/- allowed as cash on hand in the absence of explanation along with documentary evidence, it is held that the cash deposited during the demonetization period at Rs.32,86,000/- represented income from undisclosed sources. The assessee has concealed its true income which otherwise is taxable. Hence, the cash deposited during the demonetization period at Rs. 32,86,000/- is unexplained cash credit u/s.69A of the Act, and added to the total income of the assessee, taxed u/s.115BBE of the Act. The addition u/s.69A is confirmed.*

*4. The appeal filed by the assessee is dismissed.”*

5. That the assessee filed an appeal against the impugned order of the Ld.CIT(A), before this Tribunal.

6. During the course of hearing, the Ld.AR of the assessee prayed for one more opportunity to be given to the assessee to represent the case before the lower authority.



7. On the other hand, the Ld.DR for the revenue submitted that the assessee is negligent in pursuing the case, therefore a cost must be imposed on the assessee, and the Ld. DR further relied on the order of the Ld.CIT(A).

8. We have heard both the parties and perused the material available on record. We note that the notices have been issued by the Ld.AO, the assessee has not made the compliance with the notices. We note that the assessee has not gave due care and attention to the notice issued by the lower authorities and remain negligent in pursuing the case before the AO as well as Ld.CIT(A), for this non-cooperative attitude in pursuing the case. We direct the assessee to deposit a cost of Rs.1000/-, and the same is to be deposited with Prime Minister Relief fund (Government of India), within 10 days from today, and the receipt is to be submitted with the Registrar of this Tribunal. Keeping in view, and in the interest of justice, we grant an opportunity to the assessee to present the case before the AO. We set aside the order of lower authority and remit the matter back to the file of the AO for fresh adjudication on merit after giving due opportunity to the assessee of being heard., in accordance with law.

9. In the result, appeal of the assessee, is allowed for statistical purpose.

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

**Sd/-**  
**(Dr. Arjun Lal Saini)**  
**Accountant Member**

Rajkot

दिनांक/Date: 30/01/2026

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

**Sd/-**  
**(Dr. Dinesh Mohan Sinha)**  
**Judicial Member**

//True Copy//

By Order

Assistant Registrar/Sr. PS/PS  
ITAT, Rajkot