

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“DB” BENCH, AMRITSAR**

**VIRTUAL HEARING**

**BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**  
**AND**  
**SHRI UDAYANDASGUPTA, JM**

**आयकर अपील सं. / ITA No.97/ASR/2025**  
**(निर्धारण वर्ष / Assessment Year: 2017-18)**

Shri Mohd. Saleem Rather Court Road Entrance, Lal Chowk Srinagar, J&K - 190001	<b>बनाम/</b> Vs.	ITO Ward-2 Aaykar Bhawan, The Chinars, Govt. Silk Factory Road, Rajbagh (Srinagar) - 190008
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>ANVPR-2023-E</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकीओरसे/ <b>Appellant by</b>	:	Shri Abhinav Vijh (CA) & Shri Sumit Lalchandani (Advocate) – Ld. ARs
प्रत्यर्थीकीओरसे/ <b>Respondent by</b>	:	Sh. Charan Dass (Addl. CIT) - Ld. Sr. DR

सुनवाईकीतारीख/ <b>Date of Hearing</b>	:	02-02-2026
घोषणाकीतारीख / <b>Date of Pronouncement</b>	:	03-02-2026

**आदेश / O R D E R**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2017-18 arises out of an order of learned Commissioner of Income Tax (Appeals), NFAC dated 24-12-2024 in the matter of an assessment framed by Ld. AO on *best judgment basis* u/s 144 on 29-12-2019. Having heard rival submissions, the appeal is disposed-off as under.

2. During assessment proceedings, the assessee was required to explain sources of its bank credits. It transpired that the assessee deposited cash of Rs.13.96 during demonetization period whereas other credits in whole of the year were Rs.186.89 Lacs. The assessee admittedly carried on business during this year. On other bank credits of Rs.186.89 Lacs, Ld. AO estimated income @8%. The cash deposit of Rs.13.96 Lacs was separately added as unexplained investments.

3. The Ld. CIT(A) noted that the assessee was wholesale trader of mobile phones. However, the assessee did not file return of income and the books were not audited in this year. The cash was stated to be sourced out of business receipts. The assessee furnished relevant registration certificate and financial statements including cash book, purchases and sales ledger. However, it was observed by Ld. CIT(A) that the contra entries as passed by the assessee in the cash book was not commensurate with the cash sales as shown by the assessee. Therefore, the assessment was upheld against which the assessee is in further appeal before us.

4. From the facts, it clear emerges that the assessee has carried out business activities during this year since Ld. AO has applied presumptive rate of 8% on other bank credits. In our considered opinion, when the assessee is not shown to have any other source of income, the artificial bifurcation of deposits as done by Ld. AO was not justified. The assessee has filed sufficient documentary evidences to establish the factum of carrying out of wholesale business of mobile phones. Therefore, the whole of credits are to be considered as

business receipts only. Proceeding further, the assessee is engaged in wholesale trading of mobile phones which is thin-margin commodity and the rate of 8% is on a very higher side. Considering totality of facts, we direct Ld. AO to estimate the income of the assessee at 4% of total bank credits including deposits during demonetization period. The income thus computed would be assessable as business income only. No other ground has been urged in the appeal.

5. The appeal stands partly allowed.

Order pronounced on 03<sup>rd</sup> February, 2026.

**-Sd-**  
**(UDAYAN DAS GUPTA)**  
**JUDICIAL MEMBER**

**-Sd-**  
**(MANOJ KUMAR AGGARWAL)**  
**ACCOUNTANT MEMBER**

Dated: 03-02-2026  
AB

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT AMRITSAR