

आयकर अपीलीय अधिकरण, रायपुर न्यायपीठ, रायपुर
IN THE INCOME TAX APPELLATE TRIBUNAL RAIPUR BENCH, RAIPUR
श्री पार्थ सारथी चौधरी, न्यायिक सदस्य एवं श्री अवधेश कुमार मिश्र, लेखा सदस्य के समक्ष
BEFORE SHRI PARTHA SARATHI CHAUDHURY, JM &

SHRI AVDHESH KUMAR MISHRA, AM

आयकर अपील सं. / ITA No: 500/RPR/2025
(निर्धारण वर्ष Assessment Year: 2016-17)

Bhilai Karmchari Adarsh Sakh Sahkari Samiti Maryadit, Sector-2, A-Market, Bhilai, Chhattisgarh, 490002.	Vs	Income Tax Officer Ward-1(3), Bhilai, Opposite Aatmanand School, Risali, Bhilai, Chhattisgarh.
(अपीलार्थी / Appellant)		(प्रत्यर्थी / Respondent)

S. A. No: 01/RPR/2025

(Arising out of ITA No. 500/RPR/2025)

निर्धारण वर्ष / Assessment Year : 2016-17

Bhilai Karmchari Adarsh Sakh Sahkari Samiti Maryadit, Sector-2, A- Market, Bhilai, Chhattisgarh, 490002.	vs	Income Tax Officer Ward-1(3), Bhilai, Opposite Aatmanand School, Risali, Bhilai, Chhattisgarh
PAN: AABTB3317L		
(अपीलार्थी/Appellant)	:	(प्रत्यर्थी / Respondent)
निर्धारिती की ओर से / Assessee by	:	Shri Moolchand Jain, Advocate
राजस्व की ओर से / Revenue by	:	Shri Yogesh Kumar Sharma, CIT-DR
सुनवाई की तारीख / Date of Hearing	:	02/02/2026
घोषणा की तारीख / Date of Pronouncement	:	10/02/2026

आदेश / ORDER

Per Avdhesh Kumar Mishra, AM:

This appeal for Assessment Year ('AY') 2016-17 filed by the assessee is directed against the order dated 16.07.2025 of the Commissioner of Income Tax (Appeals), NFAC, Delhi ['CIT(A)'].

2. The appellant assessee has also filed a Stay Application ('SA') against the above mentioned ITA.
3. The appellant assessee has raised following grounds of appeal: -

- “1. That the assessment order passed u/s. 147 r.w.s. 144 is null & void since the notice u/s. 148 has been issued by the JAO, who does not hold jurisdiction to issue notice u/s. 148 and pass assessment order after Section 151-A came in to force w.e.f. 29.03.2022 and the learned C.I.T. (Appeals) NFAC has erred in law in maintaining the same, keeping in view of the judgment order of Hon'ble S.C. in case of AUDIT (Int. Taxn.)-2 Hyderabad & Anr. Vs. Deepanjan Roy dismissing the SLP (Civil) Diary No. 33956/2025 on 16.07.2025.
2. That the learned ITO 1(3) has wrongly assumed the jurisdiction without passing order u/s. 127, hence the entire proceedings are void ab-initio.
3. That the learned A.O. has erred in law in and on facts in assessing the sum of Rs. 3,78,87,000/- as unexplained money u/s. 69-A of the I.T. Act, and the learned CIT(A) has erred maintaining the same arbitrarily despite submission of ample and clinching evidences, which the learned CIT(A) has failed to appreciate.
4. That the books of account of the society is duly audited by the Govt. auditors and for entire amount received from members receipts have been issued and the amount deposited in Yes Bank is duly recorded in the cash book and copy of bank statement of JKSB Ltd. & Yes Bank with cash flow statement giving receipt nos. & copies of byelaws of the society was filed on record, despite that the learned CIT(A) has arbitrarily and illegally maintained the order passed by the A.O.
5. That the learned CIT(A) himself found that Rs.31,91,000/- has been transferred from JSKB(Co- Op. bank) and Rs. 3,46,95,300/- was deposited in Yes Bank. out of cash deposited by members directly in the society and despite that the learned CIT(A) has erred in maintaining the addition as unexplained money.
6. That the learned CIT(A) has arbitrarily mentioned in para 5.1.3 of its order that "The assessment order has also carefully considered the possibility of accommodation entries or layering given the usual pattern of withdrawal and cash redeposit into another account without satisfactory commercial or operational explanation", which is highly prejudiced, unwarranted and uncalled for.
7. That the appellant craves leave to add, amend or alter the grounds of appeal at the time of hearing”

3.1 At the outset, Shri Moolchand Jain, Ld. Counsel representing the assessee, submitted that the Ground Nos. 1 and 2 were not being pressed, Hence, these grounds stand dismissed. We are thus tasked to decide the core issue raised vide Ground No. 3, i.e. the validity of addition of Rs.3,78,87,000/- under section 69A of the Income Tax Act, 1961 ('Act') as the remaining grounds are either general or supplementing the core issue raised in Ground No. 3. Hence, Ground Nos. 4-7 do not call for any specific adjudication. Consequently, these grounds are dismissed.

4. The relevant facts giving rise to this appeal are that the assessee, an association of persons, is a cooperative society consisting of employees of Bhilai Steel Plant. The appellant assessee owns two bank accounts, namely, one in Yes Bank Ltd. and another in Jila Kendriya Sahkari Bank Ltd. The appellant assessee has deposited cash aggregating to Rs.3,78,87,000/- in its bank account maintained with Yes Bank. During the assessment proceedings, the Ld. Assessing Officer ('AO') show-caused the assessee to explain the source and genuineness of the cash deposits of Rs.3,78,87,000/- in Yes Bank. However, no plausible explanation was submitted by the assessee during the course of assessment proceedings as detailed in paras 5.2.2 and 6.1 of the assessment order. Therefore, the Ld. AO assessed the said cash deposits in the Yes Bank as income under section 69A of the Act. Aggrieved, the assessee filed appeal before the Ld. CIT(A), who, dismissed the appeal as under:

"5.1.1. The AO has made the addition of Rs. 3,78,87,000/- primarily on the basis that the assessee did not file a return of income for the year under consideration and failed to substantiate the cash deposits into its YES Bank account with documentary evidence and verifiable reconciliation. It is undisputed that cash deposits of the said amount were made. The assessee's explanation of withdrawal from JSKB and cash receipts from members lacks corroborative documentation in several critical respects.

Despite multiple opportunities granted through statutory notices under sections 142(1) and 144, the assessee failed to provide a date-wise cash flow or establish a verifiable nexus between cash withdrawals from JSKB and corresponding deposits into YES Bank. The assessee claimed Rs. 31,91,700/- was transferred from JSKB, but even assuming this figure as established, the origin and justification for the remaining Rs. 3.46 crore remain unexplained. It is further pertinent that the alleged cash receipts from members were not substantiated by contemporaneous evidence such as member-wise deposit records, deposit slips, or receipt books duly cross-verified with the cash book.

5.1.2. The AO's action of Invoking section 69A is legally tenable. The provision clearly applies when an assessee is found to be the owner of any money not recorded in books of account and for which no satisfactory explanation is offered. The Hon'ble Supreme Court in CIT v. P.K. Noorjahan ((1999) 237 ITR 570 (SC)) affirmed that the initial burden lies on the assessee to explain the source of the money found in their possession. This burden has not been discharged satisfactorily. The assessee's reliance on having maintained some form of internal records does not absolve it from substantiating its claim before the tax authorities with documentary evidence. The Hon'ble ITAT Mumbai in Meghraj Jain v. ITO [(2013) 34 taxmann.com 381 (Mumbai-Trib.)] held that mere submission of cash book entries or explanations without underlying documentation cannot discharge the onus under section 69A. Additionally, the assessee has not reconciled its claimed transactions with audited books of accounts or statutory filings, and failed to furnish third-party confirmations from either BSP or its members. In such circumstances, the AO was justified in concluding that the nature and source of cash deposits remained unexplained.

5.1.3. The assessment order has also carefully considered the possibility of accommodation entries or layering, given the unusual pattern of withdrawal and cash redeposit into another account without satisfactory commercial or operational explanation. Courts have repeatedly held that structured cash movements lacking business rationale invite adverse inference under section 69A, particularly in the absence of compliance or books. In view of these facts, the addition made by the AO under section 69A is upheld. The assessee's claims are not supported by sufficient, credible evidence. The provisions of section 115BBE are rightly applied to tax the deemed income under section 69A. Accordingly, Ground Nos. 1 and 2 are dismissed."

4.1 Further, the Ld. CIT(A) also dismissed the jurisdictional ground.

5. In the present case, the appellant assessee raised legal grounds as well as grounds on merit as mentioned above.

6. At the outset, the Ld. Counsel submitted that the appellant assessee was a credit cooperative society. It was submitted that the assessee not only accepted deposits from members of the society but also advanced loans to them. There were approximately 2300 members of the assessee society, who contributed Rs.250/- per month as membership fee which got recovered directly from their salaries. The said member subscription fees were deposited in the bank account maintained with Jila Kendriya Sahkari Bank. The Ld. Counsel submitted that the assessee used to withdraw cash from Jila Kendriya Sahkari Bank and to deposit the same in the bank account maintained with Yes Bank. Hence, the cash deposits aggregating to Rs.3,78,87,000/- in Yes Bank were sourced from the cash withdrawals made from the Jila Kendriya Sahkari Bank, submitted the Ld. Counsel.

7. Further, the Ld. Counsel submitted that the appellant assessee could advance the loan up to Rs.4 lakhs to each employee in routine and Rs.5 lakhs in special circumstances. Most of the loans were recovered directly from the salary. However, some members of the assessee society also used to repay certain part of loans in a cash to the appellant assessee from time to time.

8. The Ld. Counsel also drew our attention to the fact that both the bank accounts were duly disclosed in the books of account and the Balance Sheet of the appellant assessee. Thus, the closing balance in both bank accounts got duly disclosed in the Balance Sheet and Income Tax Return ('ITR'). He therefore, contended that no addition under section 69A of the Act could be

made as the primary condition of that section did not get fulfilled. The Ld. Counsel put emphasis on the provisions of section 69A of the Act, which read as under:

“69A. Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Income-tax Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year.”

- 9.** The essential parts of section 69A of the Act are as under:
- (a) The assessee must be found to be the owner.
 - (b) He must be the owner of any money, bullion, jewellery or other valuable articles.
 - (c) The said articles must not be recorded in the Books of Account, if any maintained.
 - (d) The assessee is unable to offer an explanation regarding the nature and the source of acquiring the articles in question; or the explanation, which is offered, is found to be in the opinion of the Officer, not satisfactory.
 - (e) If the aforesaid conditions are satisfied, then, the money, value of the bullion, jewellery or other valuable article may be deemed as the income of the financial year in which the assessee is found to be the owner.
- 10.** The primary condition laid out in the section 69A of the Act is that the assessee is found to be owner of any money.....and such money..... is not recorded in the books of account, if any, maintained by him for any source of income. The Ld. Counsel submitted that the both bank

accounts were duly disclosed in the regular books of account and the Balance Sheet which had been audited by the government auditors. Hence, the question of any addition under section 69A did not arise at all. Further, the Ld. Counsel, on merit, submitted that the entire cash deposits made in Yes Bank were sourced from the withdrawals from Jila Kendriya Sahkari Bank. The Ld. Counsel submitted that the details of the bank accounts were duly submitted before the authorities below but neither the Ld. CIT(A) nor the Ld. AO questioned the credits appearing in the Jila Kendriya Sahkari Bank and cash withdrawals from it. Further, none of the authorities below did not bring any material on the record to demonstrate that cash withdrawals made from the Jila Kendriya Sahkari Bank were used for any purpose other than the claimed deposits made in the Yes Bank, submitted the Ld. Counsel.

11. The details of bank accounts duly filed before the Ld. CIT(A) was annexed as Annexure-J (Page Nos. 44 to 57 of the Paper Book) and detailed submissions explaining the source in Annexure-K (Page Nos. 58 and 59 of the Paper Book). He contended that the Ld. CIT(A) did not appreciate the facts of the case and submissions filed during the appellate proceedings and upheld the addition of Rs.3,78,87,000/- by placing reliance on the decision of the Hon'ble Supreme Court in the case of ***CIT v. P.K. Noorjahan [(1999) 237 ITR 570 (SC)]*** and a decision of ITAT Mumbai in ***Meghraj Jain v. ITO [(2013) 34 taxmann.com 381 (Mumbai-Trib.)]***. Though the facts of these cases are different than the appellant assessee.

12. On the other hand, Shri Ram Tiwari, Ld. CIT-DR argued the case vehemently and prayed for dismissal of the appeal. He placed emphasis on the findings of Ld. AO and Ld. CIT(A) and reiterated their findings.

13. We have heard both parties at length and have perused the materials available on the record. There is no dispute on the cash deposits of Rs.3,78,87,000/- made in the Yes Bank account. We have noticed that the aggregate cash withdrawals made from Jila Kendriya Sahkari Bank account are more than cash deposits made in Yes Bank account. We are of the considered view that the apprehension of the Ld. CIT(A) that the cash withdrawals made from the Jila Kendriya Sahkari Bank account would have been used for accommodation entries or layering of unaccounted money, in absence of any corroboratory material did not find any leg to stand. Any addition on the basis of apprehension done by the Ld. AO and sustained by the Ld. CIT(A) is prima-facie unjustified. We find force in the arguments/contentions/submissions of the Ld. Counsel that the Yes Bank account in which the cash aggregating to Rs.3,78,87,000/- deposited is duly disclosed in regular bank accounts. Following four bank accounts are duly disclosed in ITR as under:

S. No.	Bank	Account No	IFSC Code	Type
1	YES BANK	006794600000168	YESB0000067	Saving (Primary) Current
2	JILA SAHKARI KENDRIYA BANK	601004009804	UTIB0SJS01	Current
3	IDBI LTD	004810400024939 3	IBKL0000048	Saving
4	PRAGATI MAHILA NAGARIK SAHAKARI BANK LTD	110100608200000	YESB0PMNSB1	Current

14. In view of the above facts and details available on the record, we have given a thoughtful consideration and are of the considered view that the bank account wherein the cash deposits aggregating to Rs.3,78,87,0000/- made is found disclosed in the ITR and Balance Sheet of the assessee. Further, in absence of any adverse material brought on the record by the Revenue to demonstrate that the cash withdrawals made from the Jila Kendriya Sahkari

Bank account have not been deposited in the Yes Bank account, we are of the considered view that the said cash deposits aggregating to Rs.3,78,87,0000/- cannot be held as unexplained. Hence, the addition of Rs.3,78,87,0000/- made by the Ld. AO and sustained by the Ld. CIT(A) is deleted. The appellant assessee gets consequential relief. Ground No.3, therefore, stands allowed as above.

SA No. 01/RPR/2025 (Arising out of ITA No.500/RPR/2025)

15. In view of the above finding (ITA No. 500/RPR/2025), the SA has become infructuous and hence, the same is dismissed.

16. In the result, the appeal of the assessee is **partly allowed** as above.

Order pronounced in the open court on 10/02/2026.

Sd/-
(PARTHA SARATHI CHAUDHURY)
न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-
(AVDHESH KUMAR MISHRA)
लेखा सदस्य/ACCOUNTANT MEMBER

रायपुर / Raipur; दिनांक Dated 10/02/2026
HKS, PS

आदेशकी प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. The Pr. CIT, Raipur (C.G.)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण,
रायपुर/ DR, ITAT, Raipur
5. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

//True copy//

(Senior Private Secretary)
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur