

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ "ए", चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH "A", CHANDIGARH

HEARING THROUGH: PHYSICAL MODE

श्री ललित कुमार, न्यायिक सदस्य एवं श्री कृणवन्त सहाय, लेखा सदस्य
BEFORE: SHRI. LALIET KUMAR, JM & SHRI. KRINWANT SAHAY, AM

आयकर अपील सं. / ITA No. 1074 /Chd/ 2025

निर्धारण वर्ष / Assessment Year : 2014-15

Arun Kumar Arun Log 30, Club Road, Ludhiana Punjab-141001	बनाम	The ITO Ward 6(1) Ludhiana
स्थायी लेखा सं. / PAN NO: AHYPK3833C		
अपीलार्थी/ Appellant		प्रत्यर्थी/ Respondent

Stay Application No. 4/Chd/2026

In

(आयकर अपील सं. / ITA No. 1074 /Chd/ 2025)

(निर्धारण वर्ष / Assessment Year : 2014-15)

Arun Kumar Arun Log 30, Club Road, Ludhiana Punjab-141001	बनाम	The DCIT, Circle-1 Ludhiana
स्थायी लेखा सं. / PAN NO: AHYPK3833C		
अपीलार्थी/ Appellant		प्रत्यर्थी/ Respondent

निर्धारिती की ओर से/ Assessee by : Shri Gaurav Sharma, C.A

राजस्व की ओर से/ Revenue by : Shri Manav Bansal, CIT, DR

सुनवाई की तारीख/ Date of Hearing : 19/01/2026

उदघोषणा की तारीख/ Date of Pronouncement : 09/02/2026

आदेश/Order

PER LALIET KUMAR, J.M:

The present appeal has been filed by the Assessee against the order of the Ld. CIT, NFAC, Delhi dated 01.06.2025 pertaining to Assessment Year 2014-15, along with a Stay Application filed by the Assessee against the order of the ACIT, Circle-1, Ludhiana dated 02.01.2026.

2. Assessee has raised following grounds in its appeal:

1. That the worthy Commissioner of Income Tax (Appeals) has erred in confirming that the opening of the case of the Assessee under section 148A of the Income Tax Act, 1961 (The Act) is valid as per Law.

2. That the worthy Commissioner of Income Tax (Appeals) has erred in confirming the addition of INR 346887240 in the case of the Assessee under section 69A of The Act on account of unexplained credit entries in the Bank A/C statements of the Assessee.

3. That the worthy Commissioner of Income Tax (Appeals) has erred in not considering the Plathora of documents and explanations filed by the Assessee during the course of Assessment and appellate proceedings.

4. *That the worthy Commissioner of Income Tax (Appeals) has erred in relying only on the text narrated by the LD. Assessing Officer in his assessment order.*

5. *That the addition made by the LD. Assessing Officer is against the facts and circumstances of the case and is based on the assumptions, surmises and conjectures.*

6. *That the Assessee craves leave to add OR amend any ground of appeal later during the course of Appellate Proceedings.*

3. Briefly, the facts of the case are that the assessee is an individual and proprietor of three concerns, namely M/s Arun Gas Service, M/s Arun Enterprises and M/s Arun Logistics. The assessee filed his return of income for A.Y. 2014-15 declaring total income of Rs.7,61,380/-. Subsequently, based on information received from the Insight Portal regarding substantial credit entries in a bank account maintained with Jammu & Kashmir Bank, proceedings under section 147 of the Act were initiated after following the procedure prescribed under section 148A of the Act.

3.1 In the reassessment proceedings, the Assessing Officer noticed that the total credits in the said bank account aggregated to Rs.34,68,87,240/-, which, according to him, were not commensurate with the income and turnover disclosed by the assessee. The Assessing Officer was of the view that the assessee failed to satisfactorily explain the nature and source of these credits. Accordingly, the Assessing Officer treated the entire bank credits of Rs.34,68,87,240/- as unexplained money under section 69A of the Act and taxed the same under section 115BBE of the Act, thereby assessing the total income at Rs.34,76,48,620/-.

4. Against the order of the AO the assessee went in appeal before the Ld. CIT(A). The Ld. CIT(A) upheld the validity of reopening under section 147 of the Act.

4.1 On merits, the Ld. CIT(A) confirmed the addition made under section 69A of the Act by observing that the assessee had failed to reconcile the bank credits with the declared turnover and had not furnished complete and verifiable documentary evidence before the Assessing Officer. The Ld. CIT(A) further observed that mere explanation of the business model without proper reconciliation and supporting evidence was insufficient to discharge the onus cast upon the assessee under the Act.

5. Against the order of the Ld. CIT(A) the assessee preferred in appeal before the Tribunal.

6. During the course of hearing before us, the Ld. AR submitted that the bank account with Jammu & Kashmir Bank was duly reflected in the balance sheet of the

assessee, and therefore, the finding of the lower authorities that the account was undisclosed is factually incorrect.

6.1 It was further submitted that the assessee had entered in to agreements/arrangements with M/s Alpine Energy Ltd., M/s Ludhiana Enterprises Ltd. and other LPG distributors for transportation and distribution of LPG cylinders on their behalf. The assessee was receiving transportation charges as well as sale proceeds relating to distribution of LPG cylinders, which were routed through the impugned bank account.

6.2 The Ld. AR placed reliance upon additional documents filed in the paper book, including copies of agreements, invoices, ledger accounts and bank statements of M/s Alpine Energy Ltd., M/s Ludhiana Enterprises Ltd. and other related entities, and the same were produced for the perusal of the Bench.

6.3 It was contended that the deposits in the bank account represent gross business receipts and not income, and therefore, the provisions of section 69A of the Act were wrongly invoked.

7. Per contra, the Ld. DR strongly supported the orders of the lower authorities.

7.1 It was submitted that the documents now filed before the Tribunal were not produced either before the Assessing Officer or before the Ld. CIT(A) and thus constitute additional evidence, requiring proper verification.

7.2 The Ld. DR further submitted that mere reflection of a bank account in the balance sheet does not amount to sufficient compliance under the Act, unless the assessee is able to establish the nature, source and permissibility of the transactions routed through such account.

7.3 It was also submitted that the assessee is required to establish the legal authorization and permissibility for distribution of LPG cylinders from oil marketing companies such as HPCL, BPCL, IOCL, and unless such aspects are verified, the claim of the assessee cannot be accepted. Accordingly, it was prayed that, if the Tribunal is inclined to consider the additional evidence, the matter may be restored to the file of the Assessing Officer for verification.

8. We have heard the rival contentions and and perused the material available on the record.

8.1 The core issue before us is whether the addition made under section 69A of the Act on account of bank credits can be sustained in the facts and circumstances of the case. It is an undisputed fact that the assessee has now produced additional documentary evidence, including agreements, third party bank statements and other supporting documents, to substantiate his claim that the impugned bank credits represent business receipts arising out of transportation and distribution of LPG cylinders.

8.2 It is equally undisputed that these documents were not examined by the Assessing Officer nor by the Ld. CIT(A). The Assessing Officer proceeded to make the addition primarily on the ground that the assessee failed to reconcile the bank credits and failed to furnish complete evidence during the *ex parte* assessment proceedings. The assessee has further failed to file these documents before the Ld. CIT(A) though, these documents goes to the root of the matter and were essential to be produced before the AO for correct adjudication of the tax liability of the assessee.

8.3 In our considered opinion, the interest of justice would be best served if the additional evidence produced by the assessee is properly examined and verified by the Assessing Officer, particularly when the addition involved is substantial and the assessee claims that the receipts are business receipts and not unexplained income subject to the payment of cost of Rs. 5000/- to be deposited in PM Care Fund with in month from the receipt of this order.

8.4 We are also of the view that mere disclosure of a bank account in the balance sheet is not, by itself, conclusive, and the assessee is required to substantiate the nature and source of the credits therein. At the same time, if the assessee is able to establish, through verifiable evidence, that the receipts are business receipts arising out of authorized activities, the addition under section 69A may not survive.

8.5 Accordingly, without expressing any opinion on the merits of the addition, we deem it appropriate to set aside the order of the Ld. CIT(A) and restore the matter to the file of the Assessing Officer with a direction to:

- examine and verify the additional evidence filed by the assessee,
- afford adequate opportunity of being heard to the assessee, and

- decide the issue afresh in accordance with law.
9. In the result, the appeal of the assessee is allowed for statistical purposes.
10. Since the matter has been remanded back to the file of the Assessing Officer for de novo adjudication, the Stay Application filed by the assessee has become infructuous and academic in nature. Accordingly, no separate adjudication on the Stay Application is called for. In view of the above, the Stay Application stands dismissed as not maintainable.

Order pronounced in the open Court on 09/02/2026

Sd/-

कृणवन्त सहाय
(KRINWANT SAHAY)
लेखा सदस्य/ ACCOUNTANT MEMBER

Sd/-

ललित कुमार
(LALIET KUMAR)
न्यायिक सदस्य / JUDICIAL MEMBER

AG

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar