

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH: CHENNAI

सुश्री पदमावती यस, लेखक सदस्य एवं श्री मनु कुमार गिरि, न्यायिक सदस्य के समक्ष
BEFORE MS. PADMAVATHY.S, ACCOUNTANT MEMBER AND
SHRI MANU KUMAR GIRI, JUDICIAL MEMBER

आयकर अपील सं./ITA No.1621/Chny/2025
निर्धारण वर्ष /Assessment Year: 2017-18

Zeus Furniture,
No.1 & 2, Maxworth Nagar,
Phase-1, Ramakrishna Nagar Annex,
Kolapakkam, Chennai – 600 128.
PAN: AABFZ 1132F

The Income Tax Officer,
Vs. Non Corporate Ward-22(5),
Tambaram, Chennai.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Assessee by
प्रत्यर्थी की ओर से /Revenue by

: Ms. R. Sridevi, C.A
: Ms. Gouthami Manivasagam, Addl. CIT

सुनवाई की तारीख/Date of Hearing

: 28.01.2026

घोषणा की तारीख /Date of Pronouncement

: 06.02.2026

आदेश / ORDER

PER PADMAVATHY.S, A.M.:

This appeal by the assessee is against the order of the Commissioner of Income Tax (Appeals), Addl./JCIT(A)-1, Silugiri (in short "FAA") passed u/s. 250 of the Income Tax Act, 1961 (in short "the Act") dated 03.03.2025 for Assessment Year (AY) 2017-18.

2. The assessee is a partnership firm and filed the return of income for AY 2017-18 on 29.07.2017 declaring a total income of Rs.27,500/-. The case was selected for scrutiny and the statutory notices were duly served on the

assessee. The AO noticed that there has been cash deposit to the tune of Rs.19,50,000/- into the bank account of the assessee during the demonetisation period and called on the assessee to explain the source for the deposit, The assessee submitted before the AO that cash sales is the source for the cash deposit and submitted VAT returns in support of the sales. The AO did not accept the submissions of the assessee stating that:

“It is seen from the chart that there was huge increase in the sale during October 2016 and November 2016, especially cash sales compared to the all other months of the two financial years.

In the VAT return also the increased sale during Oct. and Nov. are were reported as exempted sales. It clearly indicates that the exempted sales are not real sales and shown in the VAT return to increase the cash balance.

It is also seen that, the VAT returns were belatedly filed

The cash brought in by the partner in various dates in small amounts were withdrawn by the partner after demonetisation period.

The cash in hand of the assessee is around Rs. 1.5 Lakhs only during the entire period from April to Sep. and Jan to Mar 2017, but only in Oct. and upto 7th Nov. there is huge increase in the cash in hand.”

3. Before the CIT(A), the assessee produced the VAT assessment order to submit that the cash sales is the source for cash deposits. The CIT(A) after recording findings on the basis of the VAT returns/assessment order dismissed the appeal. The assessee is in appeal against the order of the CIT(A) before the Tribunal.

4. There is a delay of 2 days in filing the appeal before the Tribunal. After hearing both the parties and perused the material on record, we are inclined to condone the delay following the Hon’ble Supreme Court decision

in the case of Collector, Land Acquisition Vs. MST. Katiji & Ors., (167 ITR 471) (SC).

5. We heard the parties and perused the material on record. The assessee has deposited cash amounting to Rs.19,50,000/- during the demonetisation period and submitted before the lower authorities that cash sales is the source for the deposit. The assessee in this regard had submitted the VAT returns/assessment order in support of the submissions. From the perusal of the lower authorities, we notice that the assessee's contentions have been rejected after examining only the VAT returns. We further notice that no other details such as ledger, invoices etc., have been called for or examined by the lower authorities. The Id. AR during the course of hearing submitted that if the assessee is allowed one more opportunity the required details to substantiate that the cash sales is the source for cash deposits would be submitted. We also notice that the contention of AO is that there has been an unusual spike in the sales just prior to demonetisation and therefore the submission that cash sales is the source could not be accepted. However it is noticed that no other evidences such as books of accounts including ledger copies, cash book, bank book etc. are neither produced nor examined. Considering the facts and circumstances peculiar to assessee's case, we are inclined to give one more opportunity to the assessee to substantiate the claim by producing the required details. Accordingly we remit the back to the AO with the direction to call for necessary details and decide the issue in accordance with law. The assessee is required to submit the necessary details as may be called for and cooperate with appellate proceedings. It is ordered accordingly.

6. In the result, appeal of the assessee is allowed for statistical purposes.

Order pronounced on 06th day of February, 2026 at Chennai.

Sd/-
(मनु कुमर गिरि)
(Manu Kumar Giri)

न्यायिक सदस्य / Judicial Member

Sd/-
(पदमवती यस)
(Padmavathy.S)

लेखा सदस्य /Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 06th February, 2026.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF