

IN THE INCOME TAX APPELLATE TRIBUNAL BENCH-RANCHI
VIRTUAL HEARING AT KOLKATA

**Before Shri Sonjoy Sarma, Judicial Member
and Shri Ratnesh Nandan Sahay, Accountant Member**

I.T.A. No.229/Ran/2024

Assessment Year: 2017-18

Arvind Kumar Mishra... ..Appellant

22/20, Mishra Niwas,
Kharangajhar, Near HanumanMandir Road Telco,
Jamshedpur, Jharkhand – 831004.
[PAN: AGDPM2983R]

vs.

ITO, Ward-1(1).....Respondent

Appearances by:

Shri Akshay Ringasia, AR, appeared on behalf of the appellant.

Shri Kailash Gautam, DR, appeared on behalf of the Respondent.

Date of concluding the hearing : February 02, 2026

Date of pronouncing the order : February 04, 2026

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal filed by the assessee is directed against the order of the NFAC, Delhi (hereinafter referred to as “CIT(A)”) dated 02.06.2025 passed under Section 250 of the Income-tax Act, 1961 (hereinafter referred to as the “Act”).

2. Brief facts of the case are that the assessee is an individual engaged in the business of mobile phone trading and repairing. For the assessment year 2017–18 the case was reopened under section 147 of the Income-tax Act, 1961, by issuance of notice under section 148, on the allegation of cash deposits in the bank account amounting to ₹1,07,71,000. In response to the notice under section 148, the assessee filed the return of income declaring total income of ₹2,34,920 from business, with gross receipts of ₹1,06,82,530. Thereafter, notice under section 142(1) of the Act was issued and the assessment was completed

under section 147 read with section 144B of the Act. During the assessment proceedings, the Assessing Officer did not make any addition on account of the alleged cash deposits of ₹1,07,71,000, which formed the very basis for reopening. However, the Assessing Officer made addition of ₹8,09,714 under section 69 of the Act as unexplained investment, comprising opening capital of ₹5,39,714 and opening stock of ₹2,70,000. Further, addition of ₹2,75,647 under section 69C of the Act as unexplained expenditure on account of alleged difference in purchases.

3. Aggrieved, the assessee preferred an appeal before the learned CIT(A). However, the learned CIT(A) dismissed the appeal and sustained the additions made by the Assessing Officer.

4. Before us, the learned Authorised Representative submitted that the order of the learned CIT(A) is bad in law. It was argued that the reassessment was initiated on the issue of cash deposits of ₹1,07,71,000, but no addition was made on this issue, and the income returned by the assessee at ₹2,34,920 was accepted in full. He relying upon the judgment of the Hon'ble Bombay High Court in CIT v. Jet Airways (I) Ltd., it was contended that when no addition is made on the issue for which the case was reopened, the Assessing Officer has no jurisdiction to make additions on other issues. It was further submitted that even on merits, the additions are unsustainable. The assessee has been carrying on the business of mobile phone trading and repairing for the last 15-20 years. The opening capital of ₹5,39,714 and opening stock of ₹2,70,000 are integral parts of an existing business and cannot be treated as unexplained investments. Similarly, the addition of ₹2,75,647 under section 69C of the Act on account of alleged difference in purchases was made without any cogent reasoning or evidence.

5. On the other hand, the learned DR supported the orders of the lower authorities.

6. We have heard the rival submissions and perused the material available on record. We find that the reassessment proceedings were initiated under section 147 on the basis of alleged cash deposits of ₹1,07,71,000. However, it is an admitted position that no addition whatsoever has been made by the Assessing Officer on this issue and the income declared by the assessee at ₹2,34,920 has been accepted. In view of the settled legal position laid down by the Hon'ble Bombay High Court in CIT v. Jet Airways (I) Ltd., when no addition is made on the issue for which the notice under section 148 of the Act was issued, the Assessing Officer cannot make additions on other issues. Therefore, the additions made under sections 69 and 69C of the Act are not sustainable in law. Even otherwise, on merits also, we find that the assessee has been carrying on business for the last several years. Once the business income has been accepted, the opening capital of ₹5,39,714 and opening stock of ₹2,70,000, being part of an ongoing business, cannot be treated as unexplained investments. Similarly, the addition of ₹2,75,647 under section 69C has been made without proper justification or reasoning. Accordingly, we direct the Assessing Officer to delete all the additions made under sections 69 and 69C of the Act. The assessee succeeds both on legal grounds as well as on merits.

7. In the result, the appeal of the assessee is allowed.

Kolkata, the 4th February, 2026.

Sd/-
[Ratnesh Nandan Sahay]
Accountant Member

Sd/-
[Sonjoy Sarma]
Judicial Member

Dated: 04.02.2026.

RS

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches