IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "A", PUNE

BEFORE SHRI R. K. PANDA, VICE PRESIDENT
AND
Ms. ASTHA CHANDRA, JUDICIAL MEMBER

ITA Nos.1271 to 1273/PUN/2025
Assessment years : 2013-14 to 2015-16

Jaydev Mahadev Arya R 896/1, Mahadev Niwas, Radhakrishna Nagar, Old Ausa Road, Latur – 413512	**Vs.**	ITO, Ward – 1, Latur
PAN: AJCPA5922G		
(Appellant)		**(Respondent)**

Assessee by	**:**	Shri Kishor B Phadke
Department by	**:**	Shri Ajay D. Kulkarni, Addl.CIT
Date of hearing	**:**	04-12-2025
Date of pronouncement	**:**	16-02-2026

O R D E R

PER BENCH:

The above three appeals filed by the assessee are directed against the separate orders dated 11.04.2025 of the Ld. CIT(A) / NFAC, Delhi relating to assessment years 2013-14 to 2015-16 respectively. Since identical grounds have been raised in the above 3 appeals, therefore, for the sake of convenience, these were heard together and are being disposed of by this common order.

ITA No.1271/PUN/2025 (A.Y. 2013-14)

2. Facts of the case, in brief, are that the assessee is an individual and filed his return of income on 19.09.2013 declaring total income of Rs.13,72,420/-.

Information was obtained by the Assessing Officer that the assessee has deposited cash of Rs.32,25,000/- in his savings account maintained with M/s. Renuka Mata Multi State Urban Co-operative Credit Society Ltd. From the analysis of ITR and ITS details / 360 degree profile of the assessee, the Assessing Officer noted that the assessee in his return of income has not declared true and correct picture of income and the sources of cash deposits are not explainable. Accordingly, the Assessing Officer, after recording reasons, reopened the assessment as per provisions of section 147 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') and issued notice u/s 148 of the Act.

3. During the course of assessment proceedings, on being questioned by the Assessing Officer, the assessee submitted that the cash has been deposited out of sale proceeds of agriculture equipment. The assessee also furnished a copy of Profit and Loss Account and Balance Sheet. However, the assessee did not furnish any documentary evidence to prove that the sale proceeds have been deposited in the bank account. In absence of sale bills or purchase bills, the Assessing Officer rejected the plea of the assessee and treated cash deposit of Rs.32,25,000/- as undisclosed income of the assessee for assessment year 2013-14. He accordingly determined the total income of the assessee at Rs.45,97,420/- by making addition of Rs.32,25,000/-. (Similar addition of Rs.99,70,152/- was made in assessment year 2014-15 and Rs.2,93,29,287/- in assessment year 2015-16).

4. In appeal, the Ld. CIT(A) / NFAC upheld the action of the Assessing Officer by observing as under:

> *"5.* ***DETERMINATION:***
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> *5.1 Grounds of the appeal are directed against addition of Rs.32,25,000/- made vide assessment order dated 21/03/2022 passed by Ld. A.O. for the A.Y. 2013-14.*
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> *5.2 I have gone through the materialistic facts of the case and contention of the appellant. During the course of appellate proceedings, the appellant has furnished the statement of facts and form no. 35. The contention put forth by the appellant is that the appellant was carrying business as Commission Agent in agriculture produce during the year under consideration. The appellant had maintained the books of accounts and got the accounts audited under the provisions of the income tax. He being commission agent, used to receive advance from the customers in account with Renuka Mata Multi State Coop Credit Society Ltd for making purchases of agricultural produce from the Latur Market Yard on their behalf. This was just a facility given to the customers. These receipts were neither part of my turnover nor I was entitled to any income out of these receipts.*
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> *5.3 The matter at hand has been perpended at length by me along with the statement of facts and impugned assessment order. The assessment has been culminated in the instant case u/s 147 r.w.s 144 r.w.s. 144B of the IT Act wherein the assessment was completed after making addition of Rs.32,25,000/-. The appellant did not reply to the notices issued and failed to materialize the opportunities offered to the appellant during the assessment proceedings. Now, the appellant has filed appeal before me.*
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> *The appellant was given* ***another opportunity by issuing a notice asking Copy of ITRS, PAN No. of parties, copy of ledger A/c and written documentary proof of such purchased order or any other documents related to contract for purchase entered between you and the vendors****. But appellant was failed to provide any such documents or proof to prove his claim.*
>
> *5.5 It is for the appellant to explain the nature and source of income received its books of accounts. Interestingly in this case the appellant has failed to do so despite issuing a notice u/s 250 requesting him to file any such submission along with documentary evidence. The appellant was given* ***another opportunity by issuing a notice u/s 250 asking Copy of ITRS, PAN No. of parties, Copy of ledger A/c and written documentary proof of such purchased order or any other documents related to contract for purchase entered between you and the vendors.*** *But appellant was failed to provide the comprehensive documents of proof documents to prove his claim. In the submission made the appellant has in addition to ITR. The appellant has not provided for furnished copy of contract agreement entered with Maharashtra Agro-Industries Development Corporation for supply of krushivator to him in his capacity of dealer as claimed for the relevant A.Y. 2013-14, nor has he provided list of krushivator supply to the customers. In conclusion the appellant has failed to provide crucial details about*

the nature source and party wise details of deposits made in to his account number. The ledger account copy of Latur division and its head office division do not help to give tectonic evidence with regard to persons from whom he has received the payment including cash. The onus was on the appellant to necessarily furnish the party wise details of receipt of moneys in his bank account along with confirmation letters and complete details of the identity and creditworthiness of the vendors to whom the krusivators were supplied and services offered. All the appellant has provided in this regard is the installation certificates of the machinery. Nowhere in any party wise details of cash for purchase of the machinery has been furnished and hence the source of cash and its genuineness has been proven by the appellant. The contention of the appellant is devoid of any merit as the onus squarely lies on the appellant to discharge the onus which appellant has failed to discharge. Therefore, the undersigned has no reason to believe the contention of the appellant and the same has not been corroborated and explained with the help of material evidence such as party wise agreement with the vendors, details of invoices for purchase of farm equipment and clear proof about earning of commission income in respect of credit received from alleged vendors. Therefore, it is held the action of the AO in making addition u/s 144 read with section 147 is upheld and ground of appeal no.1 to 6 are dismissed."

5. Aggrieved with such order of the Ld. CIT(A) / NFAC, the assessee is in appeal before the Tribunal by raising the following grounds:

1. *The learned CIT(A) erred in upholding the addition made by the learned AO vide his assessment order passed u/s 147 r.ws 144 of the ITA, 1961, by treating cash deposited in bank accounts, amount of Rs.32,25,000 as unexplained money u/s 69A of the ITA 1961, without appreciating the nature and source of the deposits and the evidences submitted by the appellant.*

2. *Appellant contends that, the learned IT authorities erred in facts in considering transactions in account with Renuka Mata Multi State Urban Co-Operative Society Credit Ltd by way of bank transfers as "cash deposits" amounting to Rs.32,25,000*

3. *The Learned AO erred in law and on facts in disregarding the fact that the source of cash deposits was commission income earned from the business of supply of Agriculture Equipment, a business inherently conducted in cash. The appellant submits that the addition of Rs.32,25,000 has been made without due consideration of the nature of the business, rendering the addition arbitrary and unsustainable.*

4. *The Learned AO erred in law and on facts in initiating reassessment proceedings u/s 147 of the ITA,1961, when the foundation of such proceedings was a search and seizure action conducted u/s 132 of the ITA, 1961 at the premises of M/s. Renuka Mata Multi State Urban Co-Operative*

Society Credit Ltd. The assessment, if any, ought to have been initiated u/s 153C of the ITA, 1961. As such, the impugned notice issued u/s 148 is without jurisdiction, bad in law, and liable to be quashed.

5. The Appellant contends that he is entitled to get the benefit of peak credit of additions u/s 69, worked out on item-to-item basis of each of cash withdrawals and cash deposit transactions and accumulated on a chronological basis. Appellant further contends that the benefits of principles of telescoping and peak credit addition ought to be extended to the Appellant.

6. Appellant craves leave to add, alter, clarify, explain, modify, delete any or all of the grounds of appeal, and to seek any just and fair relief.

6. Identical grounds have been raised by the assessee in the remaining 2 appeals.

7. The Ld. Counsel for the assessee at the outset did not press ground of appeal No.4 for which the Ld. DR has no objection. Accordingly, the ground of appeal No.4 raised by the assessee is dismissed as 'not pressed'. Ground of appeal No.6 being general in nature, is dismissed.

8. The Ld. Counsel for the assessee while arguing the remaining grounds submitted that the Assessing Officer without considering the nature of credits and subsequent withdrawals from the bank account has made addition of the entire deposits which is not justified. Referring to the decision of Ahmedabad Bench of the Tribunal in the case of Kaushik Pravinchandra Gohel vs. JAO vide ITA Nos.690 to 694/Ahd/2023 order dated 17.04.2024 for assessment years 2015-16 to 2017-18, copy of which is placed at pages 233 to 252 of the paper book, he drew the attention of the Bench to paras 11 to 13 of the order where the Tribunal had

discussed the search carried out at the premises of M/s. Renuka Mata Multi State Urban Co-operative Credit Society Ltd. and has observed that on analysis of cash deposits and withdrawals it was seen that M/s. Renuka Mata Multi State Urban Co-operative Credit Society Ltd. is operating on the basis of typical Angadia Model without maintaining proper documentation regarding identity of persons depositing and withdrawing the cash. Referring to para 21 of the said order, he submitted that the Ahmedabad Bench of the Tribunal under identical circumstances, after considering the report of the Investigation Wing in the case of M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. and various other decisions, adopted the profit rate of 0.25% of the total deposits / credits made in the bank accounts held by the assessee with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. as reasonable.

9. The Ld. Counsel for the assessee further submitted that had the assessee earned such huge income as alleged by the Assessing Officer, the same would have been represented in the form of some assets or lavish expenditure which is not the case of the Revenue. The Ld. Counsel for the assessee also relied on the following decisions to the proposition that only some percentage of the total deposits can be added as income of the assessee in such situation and not the entire credits in the bank account:

i) Vijaykumar Mangilalji Chordiya vs. NFAC vide ITA No.1075/PUN/2024 order dated 19.09.2024 for assessment year 2013-14

ii) M/s. Laukik Paper Industries Pvt Ltd. vs. DCIT vide ITA Nos.507 to 510/PUN/2020 and 301 to 303/PUN/2021, order dated 24.04.2023

iii) Geetaben Dineshchandra Gupta vs. ITO reported in (2022) 441 ITR 698 (Guj)

iv) M/s. Goldstar Finvest Pvt Ltd vs DCIT vide ITA No.7564 to 7570/MUM/2014 order dated 24.08.2016

v) PCIT vs. Alag Securities Pvt Ltd reported in (2020) 425 ITR 658 (Bom)

10. He accordingly submitted that a reasonable rate of profit may be adopted instead of making the entire deposits as income of the assessee.

11. The Ld. DR on the other hand heavily relied on the orders of the Assessing Officer and the Ld. CIT(A) / NFAC. He submitted that the assessee was unable to explain the nature and source of the cash deposits made in the bank account. The assessee did not file copy of the ITRs, PAN numbers of the parties or any documentary evidence towards purchase and sale of the equipment as claimed by the assessee. Therefore, under the facts and circumstances of the case, the entire amount of Rs.32,25,000/- should be added to the total income of the assessee.

12. We have heard the rival arguments made by both the sides, perused the orders of the Assessing Officer and the Ld. CIT(A) / NFAC and the paper book filed on behalf of the assessee. We have also considered the various decisions cited before us. We find the Assessing Officer in the instant case made addition of Rs.32,25,000/- being cash deposit made by the assessee in his account maintained with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. The explanation of the assessee that he has maintained books of account and got the accounts audited under the provisions of the Act and that being a commission

agent he used to receive advance from the customers for making purchase of agricultural produce from Latur Market Yard on their behalf, was rejected by the AO in absence of any documentary evidence to prove such purchases. We find the Ld. CIT(A) / NFAC upheld the action of the Assessing Officer, the reasons of which have already been reproduced in the preceding paragraphs. It is the submission of the Ld. Counsel for the assessee that the entire deposits made in the bank account maintained with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. cannot be added and only a percentage of such deposits as commission of the assessee should be adopted since the assessee has never earned such huge income and had got only some commission. It is also his argument that had the assessee earned such huge income, the same would have been represented by some amount or evidence of some expenditure. However, neither the assessee has made any investment or incurred such lavish expenditure nor the department has any evidence to this effect.

13. We find some force in the above arguments of the Ld. Counsel for the assessee. We find the Ahmedabad Bench of the Tribunal in the case of Kaushik Pravinchandra Gohel vs. JAO (supra) has considered an identical issue and restricted the addition to 0.25% of the deposits / credits made in the bank account held by the assessee with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. by observing as under:

> *"9. The assessee is in appeal before us against the aforesaid additions confirmed by Ld. CIT(A) in the hands of the assessee. Before us, the Counsel for the assessee submitted that the assessee is a person of little means and is only a name lender in the entire scheme of things. The Counsel for the assessee submitted that the*

assessee allowed the Renukamata Society to open the bank account in the name of the assessee, since the assessee was approached by the Manager of Bhavnagar Branch of Renumata Society Bank, who had told the assessee that if the assessee allowed the Renukamata Society to open / operate a bank account in the name of the assessee with Renukamata Society, this would entitle the assessee to avail financial assistance in the form of loans for future as and when the same is required and applied for. Further, the assessee was assured that the assessee would also be suitably compensated for such assistance provided to the Renukamata Bank. Accordingly, it was on the basis of these assurances that the assessee kept on signing blank forms, cheques, other documents, papers etc. which were produced before him from time to time. Accordingly, the Counsel for the assessee submitted that though the assessee allowed the Renukamata Bank to open and operate bank account in his name, the assessee has not deposited any money in the bank accounts maintained with Renukamata Society and neither has the assessee withdrawn any amount from these banks. Further, the Counsel for the assessee submitted that the assessee also did not have any knowledge as to what type of transactions were being carried out through these bank accounts, from time to time. Further, the Counsel for the assessee submitted that whenever there were any changes in the incumbent Manager of Renukamata in the Bhavnagar Branch, the assessee was generally called and asked to open a new bank account. The Counsel for the assessee submitted that the assessee was given to understand that since the incumbent Branch Manager is required to fulfill it's target of opening new bank accounts, this exercise of opening new bank account in the name of the assessee was required to be carried out. Accordingly, in order to maintain cordial relations with the new Branch Managers, the assessee used to sign whatever documents / papers etc. which were being produced before him in this regard. In all these cases the assessee used to sign blank cheque books and deliver the same to the incumbent Branch Manager as directed. Accordingly, the Counsel for the assessee submitted that though apparently benami and accommodation transactions were carried out by utilizing the above referred accounts open in the name of the assessee, the assessee neither deposited any money in the said accounts and neither did the assessee withdraw any money from the said account. Accordingly, it was grossly incorrect on part of the Assessing Officer and Ld. CIT(A) to hold that the entire amount of bank deposits / credit made in the bank accounts for the impugned assessment years could be added in the hands of the assessee. This is especially in light of the fact that the assessee was not the real beneficiary of the amounts which were being deposited and later withdrawn in the bank accounts held by the assessee with Renukamata Society Bank Ltd. In support of the above arguments, the Counsel for the assessee filed before us order passed by ITAT Mumbai Bench in the case of Renukamat Multi State Cooperative Urban Credit Society Ltd. vs. ACIT (in ITA Nos. 4001 & 4002/Mum/2019), from which it is evident that Renukamata Society Bank has been regularly and for past several years engaged in the business of providing accommodation entries, by opening bank accounts in the names of people with meagre income, by luring them into opening bank accounts with Renukamata Society. Accordingly, it was submitted that the assessee was only a name lender and he was not the real beneficiary of such income. Further the Counsel for the assessee placed reliance on the case of Chintan Niketan Bhandari vs. DCIT (in IT(SS)A Nos. 495 to 500 & 1604/Ahd/2019) in support of the contention that only

a reasonable percentage, if any, should be added in the hands of the assessee and the entire amount cannot be added as the income of the assessee.

10. Further, the Counsel for the assessee drew our attention to Page 11 of the Paper Book and submitted that even the list of beneficiaries to these accommodation entries is within the knowledge of the Department and accordingly, it would be wholly erroneous to tax the entire income in the hands of the assessee, when it is known to the Department, that the assessee is only a name lender and the real beneficiaries of such transactions are other people, who are behind the entire racket, by using the name of various innocent people, including the assessee.

11. During the course of arguments, we had requested the Department to furnish a copy of the Investigation Report, on the basis of which the reassessment proceedings were initiated against the assessee so as to facilitate the Bench in adjudicating the issue, which is before the Bench for it's consideration. Accordingly, the Department vide letter dated 15.03.2024, submitted before us the information regarding the report of the Investigation Wing and other related documents.

12. On going through the contents of the report of the Investigation Wing made available to us, we observe that on the basis of search carried out at the premises of Renukamata Society, the Department had observed that the Renukamata Society had opened and was operating several bank accounts, which had been opened in the name of various depositors, many of which were merely name lenders. As per the Investigation Report, most of the depositors were non-filers of Income Tax Returns. Further, as per Investigation Report, the Department had observed that most of such account holders are person of low means and their financial profiling does not correspond to the high volume of cash deposits in their accounts with the Renukamata Society. Further, as per the report, the Department observed that during Financial Year 2012-13, Renukamata Society had made total deposits in the bank account amounting to Rs.45,055 crores. The Department observed that on analysis of cash deposits and withdrawals, it is seen that the society is operating on the basis of typical Angadia Model, without maintaining proper documentation regarding identity of persons depositing and withdrawing the cash. The Department observed that the cash deposits made in these accounts are subsequently transferred to bank accounts of shell entities. The funds are subsequently being remitted abroad by these shell entities for prima facie bogus imports etc. Accordingly, even as per the report of the Investigation Wing, Renukamata Society had roped in various individuals of meagre means to open bank accounts in their names and thereafter, such bank accounts were operated by other persons / real beneficiaries for carrying out various activities viz. remittance of money abroad with falsified documents, payment of custom duty, purchase of bullion etc. Accordingly, even as per the report of the Investigation Wing with the Department, it is evident that the assessee is not the real beneficiary of such banking transactions done in it's bank account. It would be useful to reproduce the relevant extracts of report dated 12.03.2021 for ready reference:-

"A search &Seizure action u/s 132 of the IT Act, 1961was carried out in case of the assessee M/s. Shri Renuka Mata Multi State Urban Co-operative Credit Society Ltd. (in short Society/SRMSCS) (PAN: AADAS7782D) on 26.05.2017 and subsequently the case was centralized with this charge. During the search, it was found that the huge money was deposited in the bank accounts maintained in the society and during the course of assessment proceedings the society could not explain the source for the same.

The main allegations against the society leading to search action are as under:

i. The society has allowed huge cash deposits in the account of its account holders whose creditworthiness is doubtful.

ii. Pre-search, post search and assessment stage inquiry in respect of account holders, in whose accounts substantial cash deposits were made, most were either untraceable or person of very no/low means.

Modus Operandi found during the Search & Assessment proceedings:

As per the enquiries conducted by the Investigation Wing and by this office, the modus operandi is that various accounts were opened in the co-operative society. Huge cash deposits were made at home branch of the customer of SRMUCS as well as other branches (remote) branches of SRMUCS. Credits into the account-holders' of SRMUCS were made by following modes:

(a) Cash deposit made at home branch of customers' accounts maintained with SRMUCS.

(b) Cash deposit made at other than home branch of customers' accounts maintained with SRMUCS (Remote)

(c) By transfer from other customers of SRMUCS.

(d) By transfer from customer of SRMUCS/ other parties having accounts at Public/ Private sector banks.

The amounts so credited were withdrawn by the depositors through following modes:

(a) Cash withdrawn from home branch of customers' accounts maintained with SRMUCS.

(b) Cash withdrawn from other than home branches of customers' accounts maintained with SRMUCS (Remote),

(c) Cash withdrawal by other customers of SRMUCS.

(d.) On transfer to customers of SRMUCS/ other parties having accounts at Public/ Private sector banks online/ RTGS/ NEFT, which were later transferred to other accounts or withdrawn as cash.

(iii) Money so transferred were used for following purposes:

(a) Remitting money abroad with improper/falsified documentation in the garb of imports.

(b) Payment of customs duty.

(c) Purchase of the bullion or other purchases.

(d) Transfer to other parties online/ RTGS/ NEFT

(e) Withdrawn by the beneficiaries.

3. On physical verification of some of these members/account holders, it was seen that many of the entities / account holders were not found on their address. Notices u/s 133(6) and summons u/s 131 were issued to top 200 cases, but most of the notices returned unserved. Even cases where notices were served, compliances were made in only 3 ca.ses and they too could not prove their credit-worthiness. No one appeared to depose for recording of statements. Their credit-worthiness could not be established from the records where in some cases ITR were filed. In many cases, the accounts were operated under the knowledge of the account holders on payment of commission. By and large these credits in the accounts of the account-holders were unexplained within the meaning of the section 68/ 69 of the IT Act, 1961.In many cases, the depositors may be mere name-lenders.

4. Details of your assessee:

Details as provided in the enclosed excel sheet contains Name (surname first) and PAN of the assessees along with their account numbers of account held by them in the Society. Financial Year-wise credits have been provided in lakh rupees. It may kindly be noted that majority of the deposits are in cash only.

5. As per the ITBA based PAN query, the PAN jurisdiction of the assessee lies with your charge and accordingly the information is shared with a request to make further investigation to verify the credit-worthiness in the above-mentioned account along with source of credit entries and to take necessary remedial action at your end. Provisions under Prohibition of Benami Property Transactions Act, 1988 may also be kept in mind while taking suitable action.

6. While taking remedial actions, kindly take note of following points:

(i) Most of the depositors are Non-filers.

(ii) Even in cases where ITRs are filed, these amounts of deposits are not reflected in the ITRs."

13. Further, it would also be useful to reproduce the relevant extracts of another report dated 13.10.2017, which would throw useful light in respect of the issue under consideration before us:-

"6. The finds of the search action so far are being listed down as under:

a) Shri Renukamata Multi State Cooperative Urban Credit Society Limited has huge cash deposits made in the accounts of its customers in last five years. Primafacie, most of the cash deposit is unaccounted and is in the names of the individuals of small or shell companies/entities. The cash so accepted is then deposited by the employees of the Society in the various bank accounts of society (list annexed), and then transferred out as RTGS/NEI'T in accordance with rho instructions of the customers, who bring the cash to the society. In the statement of branch manager of Ahmadabad of the society, he has mentioned few accounts which are being operated on behalf of the employer of account holder.

b) The society has also issued Demand Drafts to various walk-in customers in their branches by splitting the cash received to below Rs. 50,000/- in each instance and without taking any KYC details on record. The investigation carried so far shows that Demand Drafts of substantial amount have been issued by the society, after splitting the amount in such a way that each Demand Draft value is less than Rs.50,000/-.

c) From the analysis of cash deposits and withdrawals, it is seen that substantial amounts of withdrawals made are against deposits made in cash at different branches of the society without proper documentation of identity of persons depositing and withdrawing the cash. Therefore, society is working on the basis of typical Angadia model without maintaining proper documentation.

d) During the post search investigation, it is seen mat cash deposits made in the accounts holders of Mumbai branch is subsequently transferred to the bank accounts of shell entities. The funds are subsequently being remitted abroad by these shell entities, for prima facie bogus imports. From the investigations done here, it is seen that the account holders, in whose account cash deposits of more than Rs. 10 Crore was made and which was subsequently transferred via RTGS/NBFT to the shell entities, are either persons of low means who simply lent their identity details (id proof, signature) to unknown persons or are not traceable. The investigations with respect to shell entities revealed that proprietors of these entities have also lent their identities and ore not into any genuine business activity. These bank accounts were operated by persons whose identity is yet not

established. The, details of these shell entities along with amount transferred from the society are being tabulated as under:

Name of entity	*Amount transferred from accounts with Mumbai branch of society*
Azure Enterprise Prop. Neeraj Rajkumar Singh	*139.63 Cr.*
Fine Touch Impex Prop. Dhannanjay Nikam	*73.6 Cr.*
Iconic Enterprises Prop. Siddharth Keshav Gaikwad	*54.2 Cr.*
Seabird Enterprises Prop. Vinayak Ranjan Thakre	*53.52 Cr.*
Zillion Enterprises Prop. Shaikh Mukaram Iqbal	*16.27 Cr.*
Om Enterprises Prop. Ravi Ashok Prajapati	*9.7 Cr.*
Grafik Traders Prop. Saniket C. Nanavare	*4.16 Cr.*
Sai Impex Prop. Harkut Harinarayan Dhanjay	*9.38 Cr.*
Jolly Collections Prop. N. N. Raut	*5.18 Cr.*
Nishica Impex Pvt. Ltd.	*15.2 Cr.*
Globus Corporation Prop. Harkut Harinarayan Dhanjay	*3.12 Cr.*
Irfan Trading Company Prop. Irfan Shaikh	*2.54 Cr.*
R C International Prop. Chetan Vinod Thakkar	*6.33 Cr.*
Riya Enterprises Prop. Nitin Pradeep Gaurav	*1.85 Cr.*

e) At Ahmadabad branches of society, specific instances of non-proper maintenance of account opening forms and KYC documents are found. It is also seen that society has accepted cash of amount Rs. 85 lacs in demonetized currency after 08.11.2016 at the Ahmadabad brunch at the instruction of Yogesh Bhalerao. Also, Dashraihbhai C Khant, Assistant Branch Manager at Bapunagar branch, Ahmadabad has given the details of benami accounts being operated from the branch (please refer the reply to Q. 31 in statement of Dashrathhhai C. Khant).

f) Dashrathbhai C. Khant, Assistant Branch Manager at Bapunagar branch, Ahmedabad has given the details of benami accounts being operated from the branch. He has also stated that he is aware of these benami accounts because on few occasions when cash is not available in the branch account holders of such accounts tell him to talk to their employers with respect to cash transactions. The details of such benami accounts are provided by him in reply to Question No 31 in his statement."

14. It would be further useful to reproduce the relevant extracts of the ITAT decision of Ranukamat Multi State Cooperative Urban Credit Society Ltd. in ITA Nos. 4001 & 4002/ Mum/2019, wherein the ITAT made the following impugned observations regarding the modus operandi of Renukamata Society:-

> *"47. Be that as it may, the contents of the report shows that the Ld. DDIT(I&CI) had observed that these account holders were depositing large sums of cash on different dates in the accounts held by them with the assessee society, which was in turn being routed to different firms by way of RTGS who were the ultimate beneficiaries of these deposits and had failed to disclose the same in their respective tax returns. The Ld. DDIT(I&CI) observed that by taking advantage of the absence of reporting liabilities, these societies were being used as a conduit for money laundering. It is therefore noted that, it was not the case of the DDIT(I&CI) that these cash deposits belonged to the assessee or represented its unaccounted monies. Rather, according to the DDIT(I&CI), certain individuals were using the accounts held by members in the assessee society to route their unaccounted monies and the beneficiaries in relation thereto is also noted to have been identified by the DDIT(I&CI). In fact, one of the ten persons viz., Mr. R.A. Shah from whom enquiries were made had admitted that he had not disclosed his account in his tax return and accordingly revised his return of income and paid taxes thereon. On these facts, we are unable to countenance the action of Ld. CIT(A) seeking to justify the additions by way of unexplained monies being made u/s 68 of the Act in the hands of the assessee society, based on this spot verification report which does not incriminate the assessee qua the cash deposits made by these depositors qua these relevant AYs in these appeals.*
>
> *48. It is further noted that, the Ld. DDIT(I&CI) was of the view that the assessee was flouting the norms of prudent financial irregularities by accepting such high value cash deposits without first verifying the source of funds and creditworthiness of the account holders. To this, the Ld. AR submitted that these observations were their own subjective inferences of the DDIT(I&CI) and were not based on any tangible material or cogent evidence against the assessee. The Ld. AR explained that, the assessee being a cooperative credit society was providing banking & credit facilities to its members. In terms of the Multi State Cooperative Societies Act, 2002 read with Part V of the Banking Regulation Act, 1949, the assessee society was only required to obtain the relevant KYC details of the members at the time of opening of their accounts and like other banks / banking institutions, they were not statutorily empowered to enquire into their source of funds or their creditworthiness whenever they deposited funds in their respective accounts held with the assessee society. He pointed out that, unlike banks which could flag suspicious transactions in their suspicious transaction report or cash transaction report which they were required to statutorily file with the concerned departments, the assessee society was unable to do so in the absence of any corresponding provision in law. It is noted by us that this absence of statutory reporting obligation/liabilities were also taken note of by the DDIT(I&CI) in their report. The Ld. AR thus submitted that, the absence of statutory reporting*

liabilities cannot be held against the assessee so as to suggest that the assessee was facilitating such high value cash deposits. To substantiate the bonafides of the assessee society, the Ld. AR showed that the assessee had suo moto written several petitions to the Financial Intelligence Unit (FIU-IND) much prior to the date of search on 09.02.2016 viz., between July 2014 to June 2016 wherein they had time and again requested them to register them with FIU-IND so that they could share the details & information of their members with the concerned Department. He showed us that, it was only vide Circular dated 08-01-2018 that the multi-state cooperative societies were brought within the purview of PMLA Act, 2002 and all multi-state cooperative societies were required to register themselves with the Department. Before us, the Revenue was unable to bring any material on record to controvert the aforesaid submissions of the assessee society.

49. On the overall conspectus of the facts, as discussed in the foregoing, we thus hold that the reasoning given by the Ld. CIT(A) viz., existence of incriminating material & statements against the assessee society, to justify the validity of the additions made in the unabated assessments framed u/s 153A/143(3) of the Act for AY 2010-11 was untenable both on facts and in law."

15. Accordingly, on going through the above report by the Investigation Wing and the order passed by ITAT, Mumbai Bench in the case of Renukamat Multi State Cooperative Union Credit Society Ltd. (supra), we are of the considered view that the assessee was not the real beneficiary of substantial cash deposits / credits which were made in his bank account held with Renukamata Society. From the above facts placed on record, it is observed that these bank accounts were being operated in the name of the assessee by the real beneficiaries / depositors, in collusion with Renukamata Society and the assessee, cannot be saddled with the ownership of the entire income deposited / credited in his bank account with Renukamata Society.

16. This brings to the next question as to what could be the reasonable amount which could be held to be taxable in the hands of the assessee, for allowing the Renukamata Society / real beneficiaries to operate the bank accounts, held in the name of the assessee. In the case of Geetaben Dineshchandra Gupta v. ITO 129 taxmann.com 346 (Gujarat), the Gujarat High Court made the following observations:

"Thus, considering the totality of facts and the circumstances of the instant case visa-vis considering the settled legal position, it appears that there is direct nexus/live link between the material coming to the notice of the Assessing Officer and that for formation of his belief that there has been escapement of the income of the assessee from assessment in the year under consideration because of his failure to disclose fully and truly all material facts as from the inquiry/investigation by the Investigation Wing, some tangible material was found to substantiate the fact that the assessee was the provider of accommodation entries and that, the income from commission, ranging from 0.5 per cent to 1 per cent was not disclosed in

return and thereby, the income chargeable to tax had escaped assessment for the year under consideration. As emerges from the record, the petitioner has filed RoI for the assessment year 2012-13 disclosing income of Rs. 1.42,694 despite showing a huge turnover of Rs. 24,10,82,501 in the audited books of account. Further, a detailed investigation is carried out by the Investigation Wing and the outcome of the same prima facie substantiates the case of the department. Thus, formation of belief by the Assessing Officer that the income chargeable to tax has escaped assessment, based upon material derived during inquiry/investigation, appears to be justified. Thus, the petition failed and dismissed."

17. In the case of PCIT v. Alag Securities (P.) Ltd 117 taxmann.com 292 (Bombay), the High Court held that 0.15% rate of commission offered to tax by the assessee was a reasonable rate in facts of the assessee's case.

18. In the case of Manoj Kumar Jain v. DCIT ITA No. 554/Del/2017, the Delhi ITAT held that commission of 0.5% to be reasonable considering the facts of the case. While passing the order, the ITAT observed as under:

"3. The moot issue involves assessment of cash deposits found in the bank account of the assessee of Rs.7.37 Crs. and commission earned at the rate of 3% on the said amount of Rs.7.37 Crs. to the tune of Rs.22.12 lacs. The assessee has been alleged to be an entry operator providing bills of purchase & sales without any actual business transactions.

4. The amount of Rs.7.37 Crs. has been added on protective basis and information regarding the beneficiaries was passed on to the Assessing Officer having jurisdiction over the beneficiaries for substantive assessment. The commission of Rs.22.12 lacs has been added on substantive basis.

5. The Co-ordinate Bench of ITAT in ITA No.3561/Del/2015 vide order dated 22.05.2020 has adjudicated on both the issues. The addition being protective in nature has been deleted by the order of the Tribunal. The commission charged @3% has been brought down to 0.5%.

6. Since, the issues stands squarely covered by the earlier order of the Tribunal in the absence of any material change and the facts of the case except the amount involved, we hereby hold as under:

a) The addition made on protective basis is directed to be deleted

b) The commission to be charged @0.5%"

19. In the case of Chintan Niketan Bhandari v. DCIT IT(SS)A Nos. 495, 496, 497, 498, 499, 500 & 1604/Ahd/2019, the jurisdictional Ahmedabad ITAT vide order dated 29-11-2022 held that since the assessee failed to provide complete details regarding the commission income, the commission income may be computed @ 0.25% in the hands of the assessee. While passing the order, the ITAT made the following observations:

> *"8.2 Now coming to the instant facts, we observe that the assessee has been running several concerns in the name of himself and in the name of other persons who are engaged in the activities of taking cheques and cash and deposited the same in their bank accounts. The assessee's contention is that he is merely acted as a commission agent and hence only the commission amount should be subject to tax in its hands. However, the Department has observed that the assessee could not produce that complete details of beneficiaries with their names, complete addresses, PAN and other details of transactions. In the instant case, there are approximately more than 7000 beneficiaries and only in the case of 116 beneficiaries, the PAN has been identified. For 2752 entries, PAN has not been identified. For balance entries, only part details are available. If the assessee is submitting that he is liable to be taxed only on the commission income so earned, then the onus is on the assessee to provide the basis as to how such commission income has been arrived at and list of beneficiaries and other details so that whether the correct amount of "commission income" has been offered to tax may be verified by the Department. The Department cannot be expected to find out the details of all beneficiaries itself and cannot accept whatever income or expenses are offered/claimed by the assessee, without the assessee providing any methodology of arriving at the same along-with supporting evidence viz. details of beneficiaries, details of middlemen, basis of arriving at commission etc. In the instant facts, the assessee has submitted that he was operating through middlemen and does not know the name of beneficiaries in most of cases. However, most times, even the middlemen could not be contacted by the Department, since notices could not be served upon them as they were not available. Accordingly, in absence of details forthcoming from the assessee, a reasonable percentage may be arrived at, in the instant facts to arrive at the "commission" income earned by the assessee. In our view, looking into the totality of facts, it would be reasonable to take 0.25% of total deposits in the bank accounts owned/ operated by the assessee (₹ 295,56,30,168 for assessment year 2017-18), as commission income of the assessee for the assessment year under consideration."*

20. In the case of Lucky Bajoria v. ITO in ITA No. 345/Ahd/2021, the ITAT Ahmedabad while holding that rate of 0.25% would be a reasonable rate, made the following observations:

> *"7.4 Now coming to the instant facts, we observe that the assessee has submitted that it has earned commission income, however, no details regarding the commission income earned by the assessee was furnished to the Department during the course of assessment or appellate proceedings. As held in the judicial precedents highlighted above, if the assessee is submitting that he is liable to be taxed only on the commission income so earned, then the onus is on the assessee to provide the basis as to how such commission income has been arrived at and also to provide list of beneficiaries and other details so that whether the correct amount of "commission income" has been offered to tax may be verified by the Department. However, the assessee has not maintained any books of accounts, has not maintained cash book and bank book, he has not*

> *submitted any details of parties from whom the commission income has been earned, the assessee has not given any supporting documents to corroborate the correct rate at which commission income may be computed and the assessee has also not provided details/ list of parties who have made deposits to the tune of ₹ 158 crores in the bank accounts held by the assessee. The assessee has not come up with any details to substantiate its stand that the commission income may be restricted to 0.1% to 0.15%. Accordingly, looking into the instant facts, in the interests of justice, it would be reasonable to restrict the net commission income @0.25% of the total deposits in the bank account held by the assessee. In the result, ground number 1 of the assessee's appeal is partly allowed."*
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> *21. Accordingly, in the interest of the justice, looking into the instant facts it is held that 0.25% of the deposits / credits made in the bank accounts held by the assessee with Renukamata Society would be the income of the assessee, so as to serve the ends of justice."*

14. We find in the instant case also a perusal of the bank account maintained with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. shows that there are continuous deposits as well as withdrawals in the said account. There is some force in the submission of the Ld. Counsel for the assessee that the Revenue has not found any such investment or lavish expenditure made by the assessee. We find had the assessee earned an amount of Rs.32,25,000/- as alleged by the Revenue then the same would have been available in some form of assets or investment or lavish expenditure. However, there is no such finding by the Revenue. At the same time, the assessee is maintaining books of account and his accounts are audited and still the deposits and withdrawals in the said bank account were not disclosed. Under these circumstances, considering the totality of the facts of the case and in the interest of justice, we are of the considered opinion that adoption of 2% income on the deposit of Rs.32,25,000/- instead of the entire deposit will meet the ends of justice. We, therefore, set aside the order of the Ld.

CIT(A) / NFAC and direct the Assessing Officer to adopt 2% income on deposit of Rs.32,25,000/-. The grounds raised by the assessee are accordingly partly allowed.

ITA Nos.1272 & 1273/PUN/2025 (A.Ys. 2014-15 & 2015-16)

15. After hearing both sides, we find the grounds raised by the assessee in the above two appeals are identical to the grounds raised in ITA No.1271/PUN/2025. We have already decided the issue and directed the Assessing Officer to adopt the income @ 2% of deposits made by the assessee in the account maintained with M/s. Renuka Mata Multi State Urban Co-operative Credit Society Ltd instead of the entire deposits. Following same reasonings, we direct the Assessing Officer to adopt the profit rate @ 2% on deposits made by the assesse in the account maintained with M/s. Renuka Mata Multi State Urban Co-operative Credit Society Ltd. The grounds raised by the assessee are accordingly partly allowed.

16. In the result, all the three appeals filed by the assessee are partly allowed.

Order pronounced in the open Court on 16th February, 2026.

Sd/-	**Sd/-**
(ASTHA CHANDRA)	(R. K. PANDA)
JUDICIAL MEMBER	VICE PRESIDENT

पुणे Pune; दिनांक Dated : 16th February, 2026
GCVSR

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent
3. The concerned Pr.CIT, Pune
4. DR, ITAT, 'A' Bench, Pune
5. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

// True Copy //

Assistant Registrar
आयकर अपीलीय अधिकरण ,पुणे
/ ITAT, Pune

S.No.	Details	Date	Initials	Designation
1	Draft dictated on	11.02.2026		Sr. PS/PS
2	Draft placed before author	12.02.2026		Sr. PS/PS
3	Draft proposed & placed before the Second Member			JM/AM
4	Draft discussed/approved by Second Member			AM/AM
5	Approved Draft comes to the Sr. PS/PS			Sr. PS/PS
6	Kept for pronouncement on			Sr. PS/PS
7	Date of uploading of Order			Sr. PS/PS
8	File sent to Bench Clerk			Sr. PS/PS
9	Date on which the file goes to the Office Superintendent			
10	Date on which file goes to the A.R.			
11	Date of Dispatch of order			