

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

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

**ITA No.2156/PUN/2024  
Assessment year : 2015-16**

ITO, Ward – 1, Latur	<b>Vs.</b>	Vimal Jaydev Arya Mahadev Niwas, Radhakrishna Nagar, Old Ausa Road, Latur – 413512
		<b>PAN: AJNPA9227H</b>
<b>(Appellant)</b>		<b>(Respondent)</b>

**CO No.15/PUN/2025  
Assessment year : 2015-16**

Vimal Jaydev Arya Mahadev Niwas, Radhakrishna Nagar, Old Ausa Road, Latur – 413512	<b>Vs.</b>	ITO, Ward – 1, Latur
<b>PAN: AJNPA9227H</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

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

**ORDER**

**PER BENCH:**

This appeal filed by the Revenue is directed against the order dated 19.08.2024 of the Ld. CIT(A) / NFAC, Delhi relating to assessment year 2015-16.

The assessee has filed the CO against the appeal filed by the Revenue. For the

sake of convenience, these were heard together and are being disposed of by this common order.

2. Facts of the case, in brief, are that the assessee is an individual and filed her return of income on 29.10.2015 declaring total income of Rs.6,82,890/-. A search and seizure action was carried out in the case of M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd on 26.05.2017. The main allegation against the assessee is that there are huge cash deposits in the account of its account holders whose creditworthiness is doubtful. During the year the assessee was having a savings account with the above mentioned society at Udgir and the total credits in the assessee's account for the financial year 2014-15 is at Rs.2,47,52,218/-. Based on the above information, case of the assessee was reopened u/s 147 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') after obtaining the approval of the competent authority. Accordingly, the Assessing Officer issued notice u/s 148 of the Act on 31.03.2021 asking the assessee to file the return of income, in response thereto. The assessee however, did not file any return in response to the said notice.

3. Since the assessee did not respond to the statutory notices issued u/s 142(1) of the Act by the Assessing Officer, he proceeded to complete the assessment u/s 144 of the Act. He noted that the assessee has made cash deposit of Rs.2,47,52,218/- in her bank account maintained with M/s. Renuka Mata Multi

State Urban Co-operative Society Credit Ltd. Since the assessee did not file any reply / evidence, the Assessing Officer treated the cash deposit of Rs.2,47,52,218/- as unexplained money u/s 69A of the Act and determined the total income of the assessee at Rs.2,56,13,494/-.

4. Before the Ld. CIT(A) / NFAC the assessee explained that she carries on the business as commission agent in agricultural produce apart from her profession of coaching classes during the year under consideration. It was submitted that he used to receive advance from the customers in the account maintained with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd for making purchases of agricultural produce from the Latur Market Yard on their behalf. This was a facility given to the customers and in turn she used to get 1% commission. The assessee also filed her bank statement maintained with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd which was also provided at the time of assessment proceedings. It was also submitted that the income from commission business after meeting expenses was approximately Rs.2,50,000/- which remained to be offered to tax.

5. Based on the arguments advanced by the assessee the Ld. CIT(A) / NFAC restricted the addition to Rs.2,50,000/- being the commission earned which remained to be offered to tax and deleted the balance amount by observing as under:

**DECISION OF THE APPELLATE AUTHORITY**

The both side contentions of the assessing officer and the appellant assessee have been carefully considered and this appellate authority has noted following points:

1. The assessee is an individual, filed his return of income for AY 2015-16 on 29.10.2015 declaring total income of Rs 6,82,890/-.

1. A search & seizure action was carried out in the case of M/s. Renuka Mata Multi State Urban Co-Operative Society Credit Ltd. (AADAS7782D) on 26.05.2017. The main allegations against the society is that there are huge cash deposits in the account of its account holders whose creditworthiness is doubtful. During the year, the assessee was having a saving account with the above-mentioned society at Udgir. The total credits in the assessee's account for the F.Y 2014-15 is at Rs.2,47,52,218/-.

1. Opportunities provided by the Assessing officer:

Sl No	Notice u/s	Date of Issue	Date of hearing	Remarks.
1	142(1)	13.09.2021	21.09.2021	Not complied
2	142(1)	01.12.2021	16.12.2021	Not complied

1. The Assessing officer have stated that "As per the information available with the department, the assessee has made cash deposits of Rs.2,47,52,218/- in its bank account maintained with M/s. Renuka Mata Multi State Urban Co-Operative Society Credit Ltd."

1. The assessing officer made the additions stating "*the assessee has made cash deposits of Rs.2,47,52,218/- in its bank account maintained with M/s. Renuka Mata Multi State Urban Co-Operative Society Credit Ltd. During the course of assessment proceedings several notices u/s 142(1) of the Act as stated above*

were issued and remains uncomplied In the absence of any reply/evidence, this office has no other alternate other than to add the cash deposits of Rs.2,47,52,218/- as unexplained money under section 69A of the Act. Therefore, in view of failure on the part of the assessee to furnish any documentary evidences, the cash deposits made to the tune of Rs.2,47,52,218/- is added as unexplained money u/s 69A of the Act”

1. This appellate authority has noted that the assessment order was passed dated 26.03.2022 and the appellant assessee filed its appeal dated 27.07.2022, so there is a delay in filing the appeal however the appellant assessee in Form 35 has mentioned that there was delay in filing and the reason stated by the appellant assessee is **“Sir, I received the Assessment Order on 26.03.2022. However, my husband Mr. Jaydev Arya fall sick in the last week of March 2022 and he was advised complete rest for three months. I was required to look after him and could not pursue the matter with my Consultant. Now, Doctor has permitted him to do all normal activities. Sir, this delay was not intentional and was beyond my control. The Dept is not going to affect adversely if the delay is condoned, however, my life and my familys life will be ruined if delay is not condoned, considering the income tax dues . I, therefore, with folded hands and most humbly request you to kindly condone the delay of 2 months and 2 day in fling the appeal.**

But the appellant assessee has not filed any separate application for condo-nation of delay, however this appellate authority considers the condo-nation of delay of the appellant assessee in faith of natural justice.

1. The appellant assessee in its submissions have stated that **“I further request that, I carried on the business as commission agent in agricultural produce in addition to my profession of coaching classes during the year under consideration. I being commission agent, used to receive advance from the customers in my account with Renuka Mata Multi State Co-op 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. I used to withdraw the money from the Said society and used to make the payment for agriculture produce purchased for my customers. My commission was fixed at the rate of 1 percent on the amount of goods**

*purchased for the customers”*

The appellant assessee also stated that “The Ld AO has erred while making the assessment order in concluding that the credits in my account with Renuka Mata Multi State Coop Bank Ltd transferred by my customers is my cash deposits and the said deposits are my income liable for tax without ascertaining the nature of deposits and withdrawal.

Before adjudicating the case on merit and material evidence available on record it is necessary to put on record that only issue in this case is the issue of cash deposits made by the assessee to the tune of Rs 2,47,52,218/- in Renuka Mata multi purpose cooperative society .The AO has passed the assessment order U/s 144 as best judgement as assessee remained non compliant .The assessee has made the submission without raising any additional ground or any additional evidences however for the purpose of following natural justice a remand report was sought from the AO which is tabulated as under

24/6/2024	No Reply
4/7/2024	No Reply
9/7/2024	No Reply
22/7/2024	AO sought time of 3 months to submit remand report
31/7/2024	AO sought time of 6 weeks to submit remand report

The appellant assessee with its submissions has provided Bank statement of Renuka Mata Multi State Coop Bank Ltd. Which he also provided at the time of assessment proceedings also.

This appellate authority from the perusal of the bank statement provided by the appellant assessee has noted that the deposit transactions in the bank of the appellant assessee are not in the nature of cash deposit but are in the nature of transfer from various branches of the bank like Indore, Pune and Nasik etc while the assessee accounts in the district Latur. The glimpse of the bank statement is hereunder attached:

Close		Account Ledger						PAGE 3
DATE RANGING FROM: 01/04/2013 TO 31/03/2015								
SCHEME: SPECIAL SAVING				ACSTATUS: CLOSED				
NAME: ARYA VIMAL JAYDEV				OPEN DATE: 24/09/2014		ACNO: 103404003000530		
ADDRESS: A/P-RADHEKRISHNA NAGAR LATUR TAL/DIST-LATUR N N				OPRN MODE:		OPENING BALANCE: 0.00		
BNO	TRNDATE	TRNTYPE	NARRATION	CHEQUE NO	WITHDRAWALS	DEPOSITS	BALANCE	
129	14/11/2014	To Transfer	Remote Tran Charges INDORE BRANCH	0	675.00		4,71,223.00	
130	14/11/2014	By Transfer	RemoteTrn : ARYA VIMAL JAYDEV INDORE BRANCH			5,50,000.00	10,21,223.00	
130	14/11/2014	To Transfer	Remote Tran Charges INDORE BRANCH		825.00		10,20,398.00	
162	14/11/2014	By Transfer	RemoteTrn : ARYA VIMAL JAYDEV PUNE BRANCH			5,00,000.00	15,20,398.00	
162	14/11/2014	To Transfer	Remote Tran Charges PUNE BRANCH		750.00		15,19,648.00	
163	14/11/2014	By Transfer	RemoteTrn : ARYA VIMAL JAYDEV PUNE BRANCH			5,00,000.00	20,19,648.00	
163	14/11/2014	To Transfer	Remote Tran Charges PUNE BRANCH		750.00		20,18,898.00	
165	14/11/2014	By Transfer	RemoteTrn : ARYA VIMAL JAYDEV PUNE BRANCH			5,00,000.00	25,18,898.00	
165	14/11/2014	To Transfer	Remote Tran Charges PUNE BRANCH		750.00		25,18,148.00	
166	14/11/2014	By Transfer	RemoteTrn : ARYA VIMAL JAYDEV PUNE BRANCH			5,00,000.00	30,18,148.00	
166	14/11/2014	To Transfer	Remote Tran Charges PUNE BRANCH		750.00		30,17,398.00	

1. The appellant assessee has contended that she is an agent in agricultural produce and being a commission agent she used to received advance from her customers in her account for making purchases of agricultural produces from Latur Market yard on their behalf. My commission was fixed at the rate of 1 percent on the amount of goods purchased for the customers. Accordingly, I earned gross commission of Rs.3,25,000/- during the year which included

commission of Rs.2,47,522/-at the rate of 1 percent on Rs.2,47,52,218/- being amount deposited by the customers in my account with Renuka Mata Multi State Coop Credit society Ltd. My net income from commission business after meeting the expenses was Rs.2,50,000/- However, this amount of Rs.2,50,000/- remained to be shown in my return of income.

In the journal trade practice of the type of business in which the appellant assessee is i.e. of agent of agricultural produce the customers gives the agent advance for purchase of agricultural produce and the agent gets a commission of around 1-2 percent.

In the present case the appellant assessee is a commission agent and the customers have transferred the amount the amount in her bank account as an advance to purchase agricultural produce, from the bank statement it is also clear that the appellant assessee has taken out the amount in cash every time the customers have transferred the advance in assessee account.

In the light of above facts, this appellate authority from the perusal of the documentary evidences and facts discussed above does not find weight in the contentions of the assessing officer. This appellate authority is in the view that the amounts have been transferred by the customers to assessee bank account. So the addition made by the assessing officer is hereby deleted.

As discussed above that the assessee commission being 1% of Rs 2,47,52,218/- which comes to Rs 2,47,522/- is considered as the income of the appellant assessee. The appellant assessee in its submissions have itself has stated that **this amount of Rs.2,50,000/- remained to be shown in my return of income**, So, the amount of Rs 2,50,000/- is added to the total income of the appellant assessee.

**Consequently, from the above discussed facts this appellate authority is in the view that addition made by the assessing officer amounting to Rs 2,47,52,218/- u/s 69A of the income tax act 1961 is hereby deleted and as discussed above**

**the amount of Rs 2,50,000/- is added as income of the appellant assessee from income from business and profession.**

**Conclusion: The Appeal of the assessee is partly allowed.**

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

1. *On the facts and in the circumstances of the case, the Ld. CIT(A) erred in his/her observation made on page 12 of the order u/s 250 dated 19.08 2024 that "The assessee has made the submission without raising any additional ground or any additional evidences". It is seen from the assessment order dated 26.03.2022 that no submission was made by the assessee during the assessment proceedings. However, during the appellate proceedings, the assessee vide letter dated 10.06.2024 has furnished various additional documents like bank statements, financials, copy of agreement between M/s Sushila Agrotech and Vimal Arya, copy of agreement between MAIDC and M/s Sushila Agrotech, list of clients, copy of installation certificates, etc. Further, vide reply dated 26.04.2024 the assessee submitted copy of computation of income, financials for AY 2015-16 and bank account statement. Therefore, the ld CIT(A)' observation that no additional evidences were furnished by the assessee is incorrect.*
2. *On the facts and in the circumstances of the case, the Ld CIT(A) has erred in accepting the additional evidences furnished by the assessee during the appellate proceedings without remand report of the Assessing Officer. Ld CIT(A) had called for remand report from the AO. Remand report request was received in this office on 24.06.2024. The report was to be submitted by 01.07.2024. Due to change of incumbent, shortage of staff and pending workload, the ld CIT(A) was requested to grant three months' time to submit the remand report. However, the Ld CIT(A) sought the report in two weeks. Therefore, the Ld CIT(A) was again requested by this office to give 6 weeks time to submit the report considering shortage of staff and change in incumbent. However, the appeal order was passed on 19.08.2024 without remand report.*
3. *The Ld. CIT(A) has erred in accepting the income from commission of Rs.2,50,000/- as offered by the assessee during the appellate proceedings. It is pertinent to note that no income was offered by the assessee from commission in her original return filed for the year under consideration. The assessee has not submitted any supporting documents like Names, PAN, confirmations, etc from her clients from whom she has received large amounts totalling to Rs.2,47,52,218/- in her bank account under consideration. The assessee has not submitted any supporting documents in respect of her claim of agent in agricultural produce. Instead she submitted supporting documents in respect of her work as sub-dealer of M/s Sushila Agrotech.*
4. *The Ld. CIT(A) has erred in accepting the commission income of 1% as claimed by the assessee. The assessee has not submitted supporting*

*documents in support of her claim of 1% commission from working as agent in agricultural produce.*

5. *The Ld. CIT(A) has erred in deleting the addition of Rs.2,47,52,218/- made u/s 69A of the Income Tax Act, 1961 and accepting income of Rs.2,50,000/- as income of the assessee from income from business and profession.*
  6. *The Ld. CIT(A) has erred in accepting the contention of the assessee which is contradictory. On one hand, the assessee has submitted vide her submission dated 10.06.2024 that she was working as a sub dealer M/s Sushila Agrotech for providing installation and after sales services for which commission was received by her from M/s Sushila Agrotech. Some supporting documents are submitted in this regard. On the other hand, the assessee vide her submission dated 26.04.2024 has submitted that she carried on the business as commission agent in agricultural produce. She claimed that being a commission agent she used to receive advance from the customers in her account with Renuka Mata Multi State Co-op Credit Society Ltd for making purchases of agricultural produce from the Latur Market Yard on their behalf. She used to withdraw the money from the Said society and used to make the payment for agriculture produce purchased for her customers. Her commission was fixed at the rate of 1 percent on the amount of goods purchased for the customers. The explanations furnished by the assessee vide replies dated 26.04.2024 & 10.06.2024 regarding her commission income are totally different. The relief granted by the Ld. CIT(A) is based on the submission dated 26.04.2024 which is regarding commission received for working as agent in agricultural produce. However, necessary supporting documents are not furnished by the assessee in this regard.*
  7. *The appellant craves leave to add, amend or alter all or any of the Grounds of Appeal.*
7. The assessee has raised the following grounds in his CO:
1. *Appellant contends that, the Learned CIT(A) erred in facts in confirming transactions by way of bank transfers as "cash deposits" amounting to Rs.2,47,52,218 disregarding the fact that these were bank transfers made by the appellant Assessee's customers, in the course and furtherance of agricultural business. The said fact disturbs the base of alleged unexplained cash, leading to incorrect addition.*
  2. *The Appellant assessee contends that it is entitled to get the benefit of peak credit in the alternative, cash balance generating from earlier cash withdrawals, in subsequent cash deposits. The appellant further contends that the benefits of principles of telescoping and peak credit addition ought to be extended to the Appellant assessee.*

3. *The Respondent craves leave to add/modify/alter/delete all / any of the grounds of appeal.*

8. We have heard the rival arguments made by both the sides, perused the orders of the Assessing Officer and Ld. CIT(A) / NFAC and the paper book filed on behalf of the assessee. It is an admitted fact that due to non-response to the statutory notices issued by the Assessing Officer, he made addition of Rs.2,47,52,218/- as unexplained money u/s 69A of the Act being the amount of cash deposited in the bank account maintained with M/s. Renuka Mata Multi State Urban Co-operative Society Credit Ltd. We find during the appellate proceedings the assessee made elaborate submissions before the Ld. CIT(A) / NFAC, based on which he called for a remand report from the Assessing Officer by forwarding all those details filed before him. Since the Assessing Officer either did not respond to the notices issued by the office of the Ld. CIT(A) / NFAC or sought time after time to submit the remand report, the Ld. CIT(A) / NFAC proceeded to decide the appeal on the basis of the submissions made before him by the assessee and sustained only Rs.2,50,000/- being the commission amount on such deposits which remained to be offered to tax, the reasons of which have already been reproduced in the preceding paragraphs.

9. We find an identical issue had come up before the Tribunal in the case of Jaydev Mahadev Arya for assessment years 2013-14 to 2015-16 vide ITA Nos.1271 to 1273/PUN/2025 where the assessee had made similar arguments before the Ld. CIT(A) / NFAC who had dismissed the appeal. We have already

decided the issue and vide order of even date we have directed the Assessing Officer to adopt profit rate of 2% on such deposits instead of the entire deposit by observing as under:

*“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 Renukamata 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 its 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, 1961 was 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 cases 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 assesseees 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. Prima facie, 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/NEFT 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 that 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 are 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:*

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

Vinod Thakkar	
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 Rol 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.”*

*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 Credit Society 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 assessee 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.”*

10. Since the facts of the instant case are identical, therefore, we set aside the order of the Ld. CIT(A) / NFAC and direct the Assessing Officer to adopt the profit rate of 2% on such deposits instead of Rs.2,50,000/- sustained by the Ld. CIT(A) / NFAC. The grounds raised by the Revenue are accordingly partly allowed.

**CO No.15/PUN/2025**

11. The Ld. Counsel for the assessee at the time of hearing did not make any argument regarding the grounds raised by the assessee in the CO. We, therefore, dismiss the CO filed by the assessee as ‘not pressed’.

12. In the result, the appeal filed by the Revenue is partly allowed and the CO filed by the assessee is dismissed.

Order pronounced in the open Court on 16<sup>th</sup> February, 2026.

**Sd/-**  
(ASTHA CHANDRA)  
JUDICIAL MEMBER  
पुणे Pune; दिनांक Dated : 16<sup>th</sup> February, 2026  
GCVSR

**Sd/-**  
(R. K. PANDA)  
VICE PRESIDENT

**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	04.02.2026		Sr. PS/PS
2	Draft placed before author	04.02.2026		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			