

**IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT BENCH, SURAT**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
MS. SUCHITRA KAMBLE, JUDICIAL MEMBER**

I.T.A. No. 468/SRT/2025
(Assessment Year: 2017-18)

Ankur Motors Pvt. Ltd., Indralok Apartment, Bhatar Char Rasta, Ring Road, Bhatar, Surat-395007 [PAN : AACCA 3043 L]	Vs.	Income Tax Officer, Ward 1(1)(1), Surat
(Appellant)	..	(Respondent)
Appellant represented by :		Shri P.M. Jagasheth, CA
Respondent represented by:		Shri Ajay Uke, Sr DR
Date of Hearing		23.01.2026
Date of Pronouncement		17.02.2026

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal has been filed by the assessee against the order dated 11.04.2025 passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as the "Ld. CIT(A)" for short), under Section 250 of the Income-tax Act, 1961 (hereinafter referred to as the "Act" for short) for Assessment Year 2017-18.

2. The assessee has raised following grounds of appeal :-

"1. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Appeals) has erred in confirming the action of the Assessing Officer in making addition of Rs.37,46,013/-on account of cash deposited in bank account treated as alleged unexplained cash credit u/s.68 of the Act and applying special tax rate of 60 percent u/s.115BBE of the Act.

2. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Appeals) has erred in confirming the action of the Assessing Officer in initiating penalty proceedings u/s.271AAC of the Income tax Act, 1961.

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3. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Appeals) has not offered adequate opportunities to hear the case and passed ex-parte order and hence the case may please be set aside and restored back to the CIT(A) or AO."

3. The briefly stated facts of the case are that the assessee filed its return of income for A.Y. 2017-18 on 31.10.2017 declaring total income of Rs.3,02,870/-. The case was selected for scrutiny under CASS. During the course of assessment proceedings, the Assessing Officer observed that the assessee had deposited cash aggregating to Rs.53,00,000/- in its bank account during the demonetization period. The assessee was repeatedly called upon to explain the source of such cash deposits along with supporting evidence. The assessee claimed that the **cash deposits were out of opening cash balance and cash sales and also stated that a disclosure of Rs.10,00,000/- had been made under the Pradhan Mantri Garib Kalyan Yojana (PMGKY)**. The Assessing Officer allowed telescopic benefit of Rs.15,53,987/- (Rs.10,00,000 disclosed under PMGKY plus opening cash balance of Rs.5,53,987/-) and treated the balance amount of Rs.37,46,013/- as unexplained cash credit under section 68 of the Act, taxable under section 115BBE.

4. Aggrieved by the order of the Assessing Officer, the assessee has filed an appeal before the Ld. CIT(A), who confirmed the addition of Rs.37,46,013/- made by the Assessing Officer and dismissed the appeal of the assessee.

5. We have heard the rival submissions and carefully perused the material available on record. The primary grievance of the assessee before us is that the addition has been made without proper appreciation of facts and evidences on record. The case of the assessee is that the cash deposited during the demonetization period was out of opening cash balance, regular cash sales, and disclosure made under the Pradhan Mantri Garib Kalyan Yojana (PMGKY). On examination of the documents placed on record, we find that the assessee has

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furnished a duly audited Profit and Loss Account, cash flow statement, and audit report for the relevant assessment year. The cash flow statement reflects an opening cash balance of Rs.5,53,986/- and cash sales of Rs.50,21,550/-, aggregating to total cash availability of Rs.55,75,536/-. Against this, the cash deposits during the relevant period amount to Rs.43,00,000/-, which is well within the available cash balance. Further, the Assessing Officer has already accepted the disclosure of Rs.10,00,000/- under PMGKY and the opening cash balance while granting telescopic benefit. Once the books of account are audited and no specific defect has been pointed out therein, and when the cash deposits are duly supported by recorded cash sales and opening balance, the remaining addition cannot be sustained merely on suspicion. An amount of Rs.50,21,550/- has been duly shown as cash received out of sales. We have also verified the purchases related to these sales and find that all the purchases have been made through account payee cheques and the purchases have not been in dispute. When cash deposits are duly reflected in the books of account and are supported by business receipts, the same cannot be treated as unexplained cash credit under section 68 of the Act, in the absence of any adverse material or finding that the books are unreliable. In view of the above specific facts and circumstances, we hold that the addition of Rs.37,46,013/- made u/s 68 of the Act is not sustainable in law and is liable to be deleted

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

The order is pronounced in the open Court on 17.02.2026

Sd/-

**(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

Ahmedabad; Dated 17/02/2026

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आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण ,/DR,ITAT, Surat,
6. गार्ड फाईल /Guard file.

आदेशानुसार/ **BY ORDER,**

TRUE COPY

सहायक पंजीकार (**Asstt. Registrar**)
आयकर अपीलीय अधिकरण
ITAT, Surat