

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, AHMEDABAD**

**BEFORE SMT. ANNAPURNA GUPTA, ACCOUNTANT MEMBER &
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.2668/Ahd/2025
(Assessment Year: 2016-17)

Jethabhai Gokulbhai Gol, Jalotra, Vadga, Banaskantha, Gujarat-385502	Vs.	Income Tax Officer, Ward-1, Palanpur
[PAN No.ANXP3401H]		
(Appellant)	..	(Respondent)

Appellant by :	Shri Chetan Agarwal, AR
Respondent by:	Shri Rajenkumar M Vasavda, Sr. DR

Date of Hearing	05.02.2026
Date of Pronouncement	19.02.2026

ORDER

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short “Ld. CIT(A)”), National Faceless Appeal Centre (in short “NFAC”), Delhi vide order dated 11.12.2025 passed for A.Y. 2016-17.

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

“1. The Ld. CIT(A) has erred in law as well as on fact by upholding addition of Rs. 82,61,000/- made by Ld. AO being capital introduction in firm M/s Shiv Shakti Cold Storage treated as unexplained investment u/s 69 of the Act.

2. The Ld. CIT(A) has erred in law as well as on fact by rejecting additional evidences submitted during the appellate proceeding.

3. The Ld. CIT(A) has erred in law as well as on fact by dismissing appeal of assessee despite ample evidences submitted such as cash flow statement, source of capital introduction, purchase and sales invoices, Financial statement of assessee.

4. The Ld. CIT(A) has erred in law as well as on fact by upholding action of Ld. AO in re opening of assessment since it is based on invalid, incorrect, insufficient, vague reasons and on borrowed Satisfaction.”

3. The brief facts of the case are that the assessee, an individual, filed his return of income for Assessment Year 2016-17 on 23.02.2017 declaring a total income of Rs. 4,05,570/-. Subsequently, the Assessing Officer received information from the DCIT, Gandhinagar Circle, that the assessee had introduced cash capital of Rs. 82,61,000/- in his partnership firm, M/s Shiv Shakti Cold Storage, during the relevant financial year. Since the return of income filed by the assessee was comparatively meagre and the source of such substantial cash introduction was not evident from the return of income filed by the assessee, the Assessing Officer formed a belief that income chargeable to tax had escaped assessment. Accordingly, the assessment was reopened under section 147 of the Income-tax Act, 1961 (“the Act”), and notice under section 148 of the Act was issued.

4. During the reassessment proceedings, the Assessing Officer issued statutory notices under section 142(1) of the Act to the assessee asking for details regarding the source of cash introduced as capital. According to the Assessing Officer, despite multiple opportunities, the assessee either failed to furnish the required details or the explanations offered were found to be inadequate. The Assessing Officer issued a final show cause notice, however, the Assessing Officer was not satisfied with the reply filed by the assessee. In the absence of satisfactory explanation and supporting documentary evidence, the Assessing Officer completed the assessment under section 147 read with section 144B of the Act. The Assessing Officer treated the entire sum of Rs. 82,61,000/- introduced as capital in cash as unexplained investment under section 69 of the Act and added the same to the income of the assessee. Consequently, the total income was assessed at Rs. 86,66,570/-.

5. Aggrieved by the reassessment order, the assessee preferred an appeal before the Commissioner of Income-tax (Appeals). Before the CIT(Appeals), the assessee raised grounds challenging both the validity of the reassessment proceedings and the addition made under section 69 of the Act. As regards the ground relating to reopening of assessment, the assessee contended that there was no fresh tangible material, that the reassessment was based merely on suspicion and amounted to a change of opinion, and that the capital introduced in the partnership firm had already been examined in the firm's assessment. The CIT(Appeals), after examining the reasons recorded for reopening and the material on record, held that the Assessing Officer had received specific and actionable information regarding substantial cash introduction by the assessee which, when viewed in light of the low return of income filed by the assessee, constituted sufficient tangible material to form a prima facie belief of escapement of income. The CIT(Appeals) held that, at the stage of reopening, the Assessing Officer was not required to conclusively establish escapement of income and that the reassessment proceedings were validly initiated under section 147 of the Act. Accordingly, the grounds challenging the validity of the reassessment were dismissed.

6. With respect to the grounds relating to the addition of Rs. 82,61,000/- under section 69 of the Act, the CIT(Appeals) examined each explanation offered by the assessee. The assessee claimed that the capital introduced was sourced from opening cash balance, cash sales from potato trading, agricultural income, and milk sale income. The CIT(Appeals) noted that the assessee relied heavily on unaudited and self-prepared documents and that no contemporaneous or independent evidence was produced to substantiate the existence and accumulation of a large opening cash balance. Considering the modest income declared by the assessee in

earlier years, the CIT(Appeals) held that the claim of accumulation of such a large cash balance to be improbable and unsupported.

7. Regarding the claim of cash availability from potato trading, the CIT(Appeals) observed that the assessee had failed to produce reliable evidence of purchases, transportation, delivery of goods, or genuine trading activity. The CIT(Appeals) further held that even assuming some trading activity, the gross sales could not be treated as cash available for capital introduction and that, at best, only the net profit element could be considered. The explanation was therefore rejected. As regards milk income, the CIT(Appeals) held that mere disclosure of income in the return was not sufficient and that the assessee had failed to furnish corroborative evidence such as quantity supplied, rates, receipts, or expenditure details, rendering the claim unverifiable. Similarly, the claim of agricultural income was rejected on the ground that no land records, crop details, sale bills, or evidence of agricultural expenses were produced.

8. After considering the assessment order, the remand report of the Assessing Officer, the additional evidence filed by the assessee, and the rejoinder, the CIT(Appeals) held that the assessee had failed to satisfactorily explain the nature and source of the cash capital introduced by him. The CIT(Appeals) held that the assessee did not discharge the onus cast upon him under section 69 of the Act and that the Assessing Officer was justified in treating the capital introduction of Rs. 82,61,000/- as unexplained investment. Accordingly, the CIT(Appeals) confirmed the addition made by the Assessing Officer and dismissed all the grounds of appeal.

9. The assessee is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee. Before us, the Counsel for the assessee submitted that though admittedly, the assessee does not have a strong case on merits, nonetheless the assessee wishes to challenge the re-opening of assessment proceedings on the ground that the “reasons” for reopening the assessment proceedings are only a roving enquiry and based on “borrowed satisfaction” on the basis of information received from DCIT, Gandhinagar Circle that assessee has introduced new capital in cash of Rs.82,61,000/-in the firm M/s.Shiv Shakti Cold Storage, Deesa during the year under consideration. Accordingly, the Counsel for the assessee submitted that for this reason, the assessee assessment order is liable to be set aside.

10. We have heard the rival contentions and perused the material on record.

11. The only issue seriously pressed before us by the learned counsel for the assessee is with regard to the validity of initiation of reassessment proceedings. It is being contended that the reasons recorded by the Assessing Officer were based on a roving enquiry and amounted to borrowed satisfaction on the basis of information received from the DCIT, Gandhinagar Circle. On merits of the addition under section 69 of the Act, the learned counsel has fairly conceded that the assessee does not have a strong case.

12. On careful consideration of the facts and the legal position, we find no merit in the challenge raised by the assessee to the reopening of assessment. In the present case, the original return of income was processed without scrutiny and no assessment under section 143(3) of the

Act was framed. Subsequently, the Assessing Officer received specific information from the DCIT, Gandhinagar Circle, that the assessee had introduced cash capital of Rs. 82,61,000/- in his partnership firm during the relevant previous year, whereas the returned income was only Rs. 4,05,570/-. On the basis of this tangible and definite information, the Assessing Officer examined the return of income and other material available on record and, thereafter, recorded reasons forming a belief that income chargeable to tax had escaped assessment. Thus, the formation of belief was not mechanical or casual, but was based on objective material having a live nexus with the issue of escapement of income. The contention of the assessee that the reopening is based on borrowed satisfaction is also without substance. It is well settled that information received from another wing of the Department can form a valid basis for reopening, provided the Assessing Officer applies his own independent mind to such information. In the present case, the Assessing Officer has not acted merely on the information received, but has analysed the same in the context of the assessee's return of income and has independently recorded reasons demonstrating his satisfaction that income had escaped assessment. We also note that at the stage of reopening, the Assessing Officer is not required to finally establish escapement of income. This legal position has been reiterated by the Hon'ble Supreme Court in *Raymond Woollen Mills Ltd. v. ITO* [1999] 236 ITR 34 (SC), wherein it was held that what is required at the stage of reopening is only a prima facie belief and not conclusive proof. In the present case, the belief formed by the Assessing Officer clearly meets this threshold.

13. In view of the above discussion, we hold that the reassessment proceedings were validly initiated under section 147 of the Act on the basis of tangible material and after due application of mind by the

Assessing Officer, and the same are neither the result of a roving enquiry nor based on borrowed satisfaction, as alleged by the assessee. Since the reassessment itself is held to be valid and the learned CIT(Appeals) has, on merits, exhaustively examined the explanations offered by the assessee and rightly confirmed the additions, we find no infirmity in the order of the learned CIT(Appeals) so as to call for any interference.

14. Accordingly, the appeal filed by the assessee is dismissed.

This Order pronounced in Open Court on	19/02/2026
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Sd/-
(ANNAPURNA GUPTA)
ACCOUNTANT MEMBER

Ahmedabad; Dated 19/02/2026

TANMAY, Sr. PS

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आदेश की प्रतिलिपि अग्रेषित/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, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad