

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
AGRA (SMC) BENCH, AGRA**

**BEFORE : SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No.237/Agr/2025  
Assessment Year: 2018-19**

Joura Co-operative Marketing Society Limited The Joura Dist Morena Dist. Morena	<b>Vs.</b>	Income-tax Officer, Ward-1, Morena
<b>PAN :AABAJ1828K</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	Shri S. N. Agarwal, CA
Department by	Shri Anil Kumar, Sr. DR

Date of hearing	16.02.2026
Date of pronouncement	19.02.2026

**ORDER**

The assessee has filed this appeal against the order of the learned Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 13.02.2025 for the Assessment Year 2018-19.

2. At the outset of hearing of the appeal, the Bench noticed that there is delay of 15 days in filing the appeal by the assessee for which the assessee has filed condonation of delay before us. In this situation, the Bench adopts the lenient view for such 15 days delay in filing the appeal by the assessee and admits the same for adjudication as the Department has not raised any objection.

3. Brief facts of the case are, the assessee is a Co-operative Marketing Society registered under Madhya Co-operative Societies Act, 1960. It is engaged in the business running shop of PDS (Public Distribution System) where goods supplied by government to assessee (Co-operative Marketing Society) at subsidized rate and distribute to public who belongs to below poverty line category (BPL Card Holder). The Assessing Officer observed that the assessee has made cash deposits of Rs. 3,91,45,025/- and in its current bank account during the year under consideration. Further, he observed that it also received commission/brokerage of Rs. 8,93,518/- and contractual receipts of Rs. 3,22,990/- during the year. Accordingly, notice u/s 148 of the Act was issued to the assessee. Thereafter, assessee filed its return of income on 09.03.2023 declaring total income at Rs. 14,190/-. After observing the assessee has not responded to various notices and the final show cause notice was issued u/s 144 of the Act. Still the assessee has not responded to any notice based on the information available on the record, why he should not proceed to make additions to the extent of cash deposits made by the assessee during the year in Central Bank of India and Zila Sahkari Kendriya Bank Maryadit to the extent of Rs. 3,91,45,025/-. In response, the assessee filed a reply which is reproduced by the Assessing Officer at page 8 & 9 of the assessment order. After considering the submissions, Assessing Officer observed that the transactions carried

out by the assessee are frequent and multiples of varied amounts and pertaining to payments/received from various parties and also observed that the assessee has made payment two different parties. Since, the assessee is running shop of PDS and a margin of 5% is expected to be earned in the case of the assessee. Accordingly, he proceeded to make the additions of 5% of the total credits of the bank account as income of the assessee. Further he proceeded to make the contractual receipt and commission/brokerage income in the hands of the assessee.

4. Aggrieved with above order, the assessee preferred an appeal before Id. NFAC, Delhi and filed a detailed submissions before him. After considering the detailed submissions, Id. CIT(Appeals) sustained the addition.

5. Aggrieved, the assessee is in appeal before ITAT, raising following grounds:

1. That on the facts and in the circumstances of the case and in law, the Ld CIT(A) erred in confirming the action of the Ld. Assessing Officer in reopening the case of the appellant.

2. That on the facts and in the circumstances of the case and in law, the Ld CIT(A) erred in confirming the action of the Ld. Assessing Officer in reopening the case of the appellant merely to verify the source of credits/cash deposit in bank account of the appellant even when credits/cash deposits in bank accounts was not information which suggested that income chargeable to tax had escaped from assessment.

3 That on the facts and in the circumstances of the case and in law, the Ld CIT(A) erred in confirming the action of the Ld. Assessing Officer in reopening the

case of the appellant without obtaining proper sanction as per the provisions of section 151 of the Act.

4 That on the facts and in the circumstances of the case and in law, the Ld CIT(A) erred in confirming addition of Rs. 19,57,251/-made by the Ld Assessing Officer to the total income of the appellant on account of 5 percent of total credits in the bank account of the appellant by treating it as unexplained credits under section 68 r.w.s 115BBE of the Act without properly appreciating the facts of the case and submissions filed before him/her.

5. That on the facts and in the circumstances of the case and in law, the Ld CIT(A) erred in confirming addition of Rs. 3,22,990/-made by the Ld Assessing Officer to the total income of the appellant on account of contract receipts from M.P State Civil Supplies Corporation Limited without properly appreciating the facts of the case and submissions filed before him/her

6. That on the facts and in the circumstances of the case and in law, the Ld CIT(A) erred in confirming addition of Rs. 8,93,518/-made by the Ld Assessing Officer to the total income of the appellant on account of commission from M.P State Civil Supplies Corporation Limited without properly appreciating the facts of the case and submissions filed before him/her.

7. That on the facts and in the circumstances of the case and in law, 7 the Ld CIT(A) erred in not allowing deduction under section 80P of the Act available with the appellant.

8. The appellant craves leave to add, alter, modify any grounds of appeal taken by it on or before the date of final hearing.

6. At the time of hearing, Id. AR of the assessee brought to our notice the relevant facts on record and submitted that the assessee is a Co-operative Marketing Society running shop of PDS and further submitted that the business was carried on behalf of the government scheme. He submitted that the case of the assessee is reopened on the basis of cash deposits made during the year. He brought to our notice page 10 of the assessment order and submitted that the Assessing Officer proceeded to estimate 5% of the cash deposit and further submitted that he has

estimated the income of 5% on the total cash deposit made by the assessee during the year with the observation that it is expected to be earned. He wonder How, the Assessing Officer can make addition as unexplained credit u/s 68 of the Act. Further, he submitted that other income were also declared by the assessee in the return of income relating to contractual receipt and commission/brokerage. Thus, the same cannot be disallowed once again. Further, he submitted that in the previous assessment year, the Assessing Officer has accepted the results declared by the assessee and there is no change in the nature of the business carried on the by the assessee.

7. On the other hand, Id. DR relied on the findings of lower authorities.

8. Considered the rival submissions and the material placed on record. I observe that the case of the assessee was reopened based on the information with the Assessing Officer that the assessee has made huge cash deposit during the year. After considering submissions of the assessee, he observed that the assessee is running PDS business and it is regularly depositing varied amounts of cash deposit and also made payments to other. He did not dispute the fact that the cash deposited by the assessee is out of PDS business. In our considered view, the assessee has already brought to my notice the sources of cash deposit and Assessing Officer proposed the estimation on the total cash credit with the

conjunction/presumption that the assessee is expected to earn 5% of the above u/s 68 of the Act. We fail to understand how the Assessing Officer can make additions as unexplained credit after accepting the source of cash, from the PDS business. Therefore, invoking the provisions of section 68 of the Act to estimate profit on the source of cash which are already disallowed in the books of account is not just and proper to invoke the provisions of section 68 of the Act. Therefore, I am inclined to allow the grounds raised by the assessee. With regard to the other additions made by the Assessing Officer relating to contractual receipt and commission/brokerage, it is brought to our notice that the assessee has already declared the same in its return of income. Here, it amounts to making double addition. Therefore, I am inclined to allow the grounds raised by the assessee.

In the result, appeal filed by the assessee is allowed.

***Order pronounced in the open court on 19.02.2026***

***Sd/-***  
**(S. RIFAUH RAHMAN)**  
**ACCOUNTANT MEMBER**

Dated:19.02.2026

\*Ganesh Kumar, Sr. PS

Copy forwarded to:

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

Asst. Registrar, ITAT, Agra