

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 286/Ran/2025

(Assessment Year-2017-18)

(Virtual Hearing)

Kaushal Jain, Radheshyam Garage Lane, Old Commissioner Compound, Ranchi-834001 (Jharkhand) PAN No. AFGPJ 0706 H	Vs.	I.T.O., Ward 1(5), Ranchi.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri Devesh Poddar, Adv.
Department represented by	Shri Kailash Gautam, Sr.DR
Date of hearing	12/02/2026
Date of pronouncement	05/03/2026

ORDER

PER: RATNESH NANDAN SAHAY, A.M.

1. This appeal by the assessee is directed against the order of the National Faceless Appeal Centre (NFAC), Delhi/learned Commissioner of Income Tax (Appeals), [in short, the Id. CIT(A)] dated 01/07/2025 for the Assessment Year (AY) 2017-18. The assessee has raised following ground of appeal:

- "1. For that the Ld CIT(A) was not justified in confirming the order of the AO in a hasty manner without appreciating the facts and documents on record.
2. For that the addition made for Rs. 52,16,169/- U/s 69A is fit to be deleted since the source of the same was duly explained before the lower authorities.
3. For that the lower authorities have failed to consider that there was a inter-bank transaction of Rs. 9,64,788/- and that Rs.45,00,000/- was unsecured loan received during the year which was repaid back in the year itself. As such, if the credit of such entries is given, there would be no difference between the total bank credits and the turnover disclosed. As such, the addition made for Rs. 52,16,169/- and confirmed by Ld CIT(A) is unjustified and fit to be deleted.
4. For that no show cause notice or notice U/s 142(1) was issued to the assessee on basis of which the addition has been made. As such, the addition made is against the principles of natural justice.

5. For that any other grounds in detail shall be argued at the time of hearing."

2. Brief facts of the case are that the assessee deals in food grains, sugar, milk products in wholesale in the name and style of M/s K.S. Traders. The assessee for the assessment year under consideration e-filed his return of income on 08/12/2017 declaring total income of ₹4,88,041/-. The case was selected for limited scrutiny on the ground "large cash deposits in bank accounts during the year". The Assessing Officer assessed the income of assessee at ₹ 57,04,210/- in which the addition of ₹ 52,16,169/- was added under Section 69A of the Income Tax Act, 1961 (in short, the Act) on the ground that the assessee failed to explain the cash deposits of ₹ 52,16,169/-. The Assessing Officer in the assessment order has also given the basis on which the addition was made by providing a table in the assessment order in paragraph No. 3.1, 3.2 and 3.6 as under:

Name of the bank	Account No.	Cash Deposit
ICICI Bank	114905000840	₹ 2,32,08,270/-
State Bank of India	33814279405	₹ 1,35,00,000/-
Canara Bank	0377101013376	₹ 1,28,000/-
Total		₹ 3,68,36,270/-

Name of the bank	Account No.	Cash Deposit
ICICI Bank	114905000840	₹ 1,13,02,248/-
State Bank of India	33814279405	₹ 83,81,118/-
Canara Bank	0377101013376	₹ 71,105/-
Total		₹ 1,97,54,471/-

The total credit in the bank accounts	₹ 5,65,90,741/-
Less: rejection of cheque in account No. 840 with ICICI Bank	₹ 6,06,625/-
	₹ 5,59,84,116/-
Less: Cash deposit	₹ 3,68,36,270/-
Deposit other than cash	₹ 1,91,47,846/-

Gross sale consideration	₹ 5,08,61,576/-
Less: Deposits other than cash	₹ 1,91,47,846/-
	₹ 3,17,13,730/-
Add: Opening cash in hand	₹ 16,100/-
	₹ 3,17,29,830/-
Less: closing cash in hand	₹ 1,09,729/-
Cash available with the assessee for deposit	₹ 3,16,20,101/-
Cash actually deposited by the assessee into the bank	₹ 3,68,36,270/-
Unexplained cash deposit	₹ 52,16,169/-

3. Aggrieved by the order of the Assessing Officer, the assessee filed appeal before the Id. CIT(A), who vide the impugned order, confirmed the addition made by the Assessing Officer.
4. Further aggrieved by the order of the Id. CIT(A), the assessee has filed present appeal before this Tribunal.
5. During the course of hearing before us, the Id. AR has submitted a detailed submission by way of written synopsis which reads as under:

"1. That the assessee is a trader of food grains and milk products. ITR for the year was filed declaring a total income of Rs. 4,88,041/-. The case of the assessee was selected for limited scrutiny for the reason being cash deposited in the bank account and the AO framed the assessment by making an addition of Rs. 52,16,169/- as alleged unexplained cash deposit which has been confirmed by CIT(A) in the impugned order.

2. That the basis on which the AO has arrived at the figure of Rs. 52,16,169/- to be alleged unexplained cash deposit is detailed at Page 6 Para 3.6 of the assessment order. However the discrepancies that the lower authorities have failed to consider and appreciate are:-

- *The entire credits other than cash in totality cannot be considered as part of sales since the same also includes inter-bank transfer and unsecured loans received during the year.*
 - *We are attaching herewith the ledgers for unsecured loan of Rs. 45,00,000/- at Page 3-4 from which it can be seen that the assessee received unsecured loan during the year and repaid back the same.*
 - *There was inter-bank transfer of Rs. 9,64,788/- during the year which can be verified from the bank statements of the assessee copy of which is at Page 5-13. From Page 05 & 08 it can be seen that Rs. 1,75,000/- has been transferred from Canara Bank to ICIC Bank on 19/12/2016. Similarly from Page 10 & 13 it can be seen that Rs. 4,25,000/- has been transferred from ICICI Bank to SBI on 08/03/2017. Lastly from Page 07 & 11-12 it can be seen that a sum of Rs. 1,50,000/- on 06/10/2016 and a sum of Rs. 1,64,788/- on 09/11/2016 has been transferred from ICICI Bank to SBI.*
 - *That as such, the credits of Rs. 54,64,788/- in the bank account of the assessee does not form part of sale consideration and likewise should have been considered by the AO accordingly.*
 - *That if Rs. 54,64,788/- is accounted for separately and not considered as sale consideration, then the question of alleged unexplained cash deposit to the tune of Rs. 52,16,169/- will not arise.*
3. *That the comparative reconciliation of total bank credits with the disclosed turnover is as below:-*

<i>Particulars</i>	<i>As per the AO</i>	<i>As per the bank statement of assessee</i>
<i>Total Sales consideration</i>	<i>₹ 5,08,61,576/-</i>	<i>₹ 5,08,61,576/-</i>
<i>Less Deposits other than cash</i>	<i>₹ 1,91,47,846/-</i>	<i>₹ 1,91,47,846/-</i>
	<i>₹ 3,17,13,730/-</i>	<i>₹ 3,17,13,730/-</i>
<i>Add unsecured loan taken and repaid back during the year</i>	<i>-----</i>	<i>₹ 45,00,000/-</i>

<i>Add Inter Bank Transfers</i>	-----	₹ 9,64,788/-
<i>Net sale consideration out of cash deposit</i>	₹ 31,7,13,730/-	₹ 3,71,78,518/-
<i>Cash available with the assessee for deposit (after opening & closing balance)</i>	₹ 3,16,20,101/-	₹ 3,16,20,101/-
<i>Cash actually deposited by the assessee</i>	₹ 3,68,36,270/-	₹ 3,68,36,270/-

4. *That as such, against the total cash deposit of Rs. 3,68,36,270/-, the total turnover/sale consideration disclosed is Rs. 3,71,78,518/- and as such, there is no unexplained cash credit in the bank account of the assessee and thus the addition made is fit to be deleted.*
6. On the other hand, the Id. Sr.DR has supported the orders of the lower authorities..
7. We have considered the rival submissions and we have also considered the reconciliation of bank credits as given in the table prescribed by the Id. Authorised Representative and it is found that when we compare both the bank statement of the assessee and the analysis made by the Assessing Officer, no unexplained cash was found to have been credited in the bank account of the assessee and thus, the addition made on this count has no basis and thus, deleted.
8. In the result, this appeal of the assessee is allowed.

Order pronounced in open court on 05 March , 2026

Sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Ranchi, Dated: 05/03/2026

**Ranjan*

Copy to:

1. Assessee

2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi