

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH, CHENNAI**

श्री एस एस विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के  
समक्ष **BEFORE SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER AND  
SHRI S. R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: 3158/Chny/2025  
निर्धारण वर्ष / Assessment Year: 2017-18

<b>Selvarajan Senthil Kumar,</b> No. 49, Second Street Karups Nagar, Thanjavur – 613 005.	vs.	<b>Income Tax Officer,</b> Ward 2, Thanjavur.
<b>[PAN: BKJPS-2696-Q]</b> (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Ms. Ramya Murlikumaran, Advocate  
प्रत्यर्थी की ओर से/Respondent by : Shri. Saujanya Ranjan, JCIT

सुनवाई की तारीख/Date of Hearing : 12.02.2026  
घोषणा की तारीख/Date of Pronouncement : 09.03.2026

**आदेश / O R D E R**

**PER S. R. RAGHUNATHA, AM:**

The present appeal is filed by the assessee against the order dated 14.10.2025 passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as "ld.CIT(A)"), dismissing the appeal filed by the assessee against the assessment order dated 21.12.2019 passed u/s.143(3) of the Income Tax Act, 1961 (hereinafter referred to as the "Act"), pertaining to Assessment Year (A.Y.) 2017-18.

2. The assessee is an individual and for the impugned Assessment Year 2017-18, has filed his return of income on 06.01.2018 admitting business income of Rs.5,29,556/- and income from other sources Rs.99,188/-. The assessee's case was selected scrutiny CASS and thereafter notices were issued upon the assessee. Thereafter, the Assessing Officer concluded the assessment on 21.12.2019 and added a sum of Rs.39,97,500/- as unexplained money u/s.69 of the Act and raised a demand of Rs.42,25,188/- against the assessee.

3. Aggrieved by the order of the Assessing Officer, the assessee preferred an appeal before the Id.CIT(A) by way of filing of Form 35 on 21.01.2020. During the appellate proceedings, the assessee presented its case by way of written submissions and further submitted documents in support of the same. Thereafter, the Id.CIT(A), passed an order u/s.250 of the Act on 14.10.2025 dismissing the appeal of the assessee.

4. Aggrieved by the order of the Id.CIT(A), the assessee in appeal before us.

5. The brief facts emanating from the records leading up to the present appeal are that the assessee is an individual and runs the business of newspaper agency. During the impugned Assessment Year, the assessee offered a scheme and in respect of the same, advance was received from customers. The sums were deposited by the assessee in the first week of demonetisation. In the course of the assessment proceedings, the assessee did not file any documents to prove the same. The AO, having issued a notice u/s.133(6) of the Act to City Union Bank, found that the assessee made cash deposits of Rs.39,97,500/-, using SBN, after 09.11.2016 which is in violation of the CBDT circular dated 08.11.2016. Therefore, the Assessing Officer made an addition u/s.69A as unexplained money to the tune of Rs.39,97,500/-.

6. In the appellate proceedings, the assessee made his submissions before the Id.CIT(A) along with documents, such as cash book and details of advance received from customers, to support their submissions, on various dates. The assessee, in the responses filed by him, submitted that the assessee wanted to expand his business and therefore, offered a scheme for advance subscription to customers from 25.10.2016 to 03.11.2016. These monies were collected by the staff engaged by the assessee. It was further submitted that cash books and details of advance were not furnished before the Assessing Officer due to technical difficulties. The decision of the Tribunal, Mumbai Bench in the case of the DCIT V. Karthick Construction co. [ITA No. 2292/MUM/2016] was also relied upon by the assessee for the proposition that addition u/s.69A of the Act cannot be made in respect of the monies recorded in the books of accounts.

7. The Id.CIT(A), however, rejected the contentions of the assessee by relying on the decision of Hon'ble High Court of Calcutta in PCIT V. Mundhra Construction (P.) Ltd. [2025] taxmann.com 361 (Calcutta) and went on to state that the assessee, though claims to have offered a scheme for advance subscription, has not provided any salient feature of the same. The assessee failed to substantiate the reasoning for timing of offering such scheme i.e., 25.10.2016 to 05.11.2016. The Id.CIT(A) also noted that the it was incomprehensible that all of the assessee's customers, being more than 2,800, would pay advance in cash which was recorded in the in-house documents and no independent third party document was submitted in support of the advance nor was any proof for payment made to the suppliers to whom the collected advance was allegedly used to pay was submitted by the assessee. Thereby, the Id.CIT(A) dismissed the assessee's appeal vide order dated 14.10.2025. Subsequently, the assessee filed an appeal before us.

8. Before us, the Id.AR for assessee submitted a paperbook containing the following:

- i) Audit report and ITR for the impugned year.

- ii) Schemes for agents / customers.
- iii) Bank statement.
- iv) Cash book and details of subscribers from whom amounts have been received.

9. The Id.AR for the assessee contended that the cash received, in the form of advance, by the assessee was already accounted in his books of accounts and was duly offered to tax and that those sums were used to pay the suppliers of the newspaper of the assessee. It was also contended that the assessment has ignored the CBDT circular dated 21.02.2017, read with subsequent SOPs (2018-19) under "Operation Clean Money", directly the Assessing Officer to verify demonetisation period deposits source-wise and to correlate with books, ITR, GSTR, and earlier cash balances. The Id.AR, in support of their arguments, relied on the following cases:

1. ITO V. Sathish Kumar [2025 SCC Online ITAT 11915].
2. Durga Fire Work V. ITO [ITA No.383/Del/2024].
3. ACIT V. Raj Bajwa [ITA No.4860/Del/2024].

10. On the contrary, the Id.DR argued that the assessee has failed to provide for any documents in the assessment proceedings and did not sufficiently discharge its onus to explain the source of the addition in the appellate proceedings as well. Therefore, the order of the Id.CIT(A) must be upheld.

11. We have heard rival submissions, gone through the orders of the authorities below, perused the paperbook and referred to the cases aforementioned. The assessee, running a newspaper agency, received advance from his customers from 25.10.2016 to 05.11.2016 to the tune of Rs.39,97,500/- and deposited the same into his bank account after 09.11.2016. The Assessing Officer added the advance received by the assessee as unexplained money u/s.69A of the Act which was also sustained by the Id.CIT(A) for the reasons cited above. It is pertinent to note that the assessee, has recorded all these monies received by him from his customers as advance in his books of accounts and has offered the same for tax. This can be seen

from the audit report and ITR furnished before us. It is trite law that if monies received by an assessee is recorded in his books of accounts, they are no longer unexplained money as per section 69A of the Act. At this juncture it is only appropriate to look into Section 69A:

*“Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the <sup>2</sup>[Assessing] Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year.”*

12. From the words of the legislation, we can see that in order to apply the provision of Section 69A of the Act, an assessee must own a valuable article/money/bullion/ jewellery and that is not recorded in the books and the assessee offers no explanation about such valuable item or provides an unsatisfactory explanation. It is equally pertinent to state that the Assessing Officer has not rejected the books of accounts in this case, before making the impugned addition u/s.69A of the Act. Having not rejected the books of accounts of the assessee, which were duly audited u/s.44AB of the Act, the question of Assessing Officer not being satisfied with source of income does not arise.

13. In the present case, although the assessee did not provide documents before the Assessing Officer, owing to technical difficulties, they did submit the cash book and details of advance collected. However, the Id.CIT(A) rejected it for reasons that it is an in-house document, no details of scheme for advance were given and no document to show payment made to suppliers. But the assessee having explained the source of the money with books, the Id.CIT(A) ought to have perused the same before sustaining the order of the Assessing Officer. Moreover, since the assessee has already offered the advances for tax, as seen from the audit report and books of accounts, adding the impugned sum once more, is nothing but double taxation. Accordingly, we hold that the addition made u/s.69A of the Act is untenable and the appeal is allowed. Therefore, in

view of foregoing discussion, we direct the AO to delete the addition made u/s.69A of the Act.

14. In this result, the appeal of the assessee is allowed.

Order pronounced in the open court on 09<sup>th</sup> March, 2026 at Chennai.

**Sd/-**

(एस एस विश्वनेत्र रवि)

**(S.S. VISWANETHRA RAVI)**

न्यायिक सदस्य/**Judicial Member**

चेन्नई/Chennai,

दिनांक/Dated, the 09<sup>th</sup> arch, 2026

**Sd/-**

(एस. आर. रघुनाथा)

**(S. R. RAGHUNATHA)**

लेखा सदस्य/**Accountant Member**

**JPV**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF