

IN THE INCOME TAX APPELLATE TRIBUNAL
"B" BENCH, MUMBAI
BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER

ITA No. 8940/Mum/2025 along with S.A. No. 7/Mum/2026
Assessment Year: 2017-18

Shankar Alwar Flat No.06 Sulabha Building, Chheda Nagar, Chembur, Mumbai-40089 PAN: BCOPS7687G	Vs.	ITO 27(3)(1) Room No.422, 4 th Floor, Tower No.06, Vashi Railway Station Commercial Complex, Vashi, Navi Mumbai-400703
(Appellant)		(Respondent)

Assessee by	Shri Vijay Kewalramani
Department by	Shri K.C. Selvamani, CIT DR.

Date of Hearing	04.03.2026
Date of Pronouncement	05.03.2026

ORDER

Per: SHRI JAGADISH, A.M.:

1. This appeal by the assessee is directed against the order dated 27.09.2024 passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi for the assessment year 2017-18 which is passed against the assessment order dated 19.05.2023 under section 147 read with section 144B of the Income Tax Act.
2. The assessee has raised the following grounds of appeal:
 - i. The learned Commissioner of Income Tax (Appeals) erred in confirming the addition of Rs.12,89,09,000/- made by the Assessing Officer

on account of cash deposits without properly appreciating the facts and circumstances of the case.

ii. The learned Commissioner of Income Tax (Appeals) failed to consider the contention of the assessee that the cash deposits in the bank account pertain to the partnership firm M/s SSK Enterprises, in which the assessee is a partner, and the transactions have already been recorded in the books of account of the firm and offered to tax in the return of income of the firm.

iii. The learned Commissioner of Income Tax (Appeals) erred in passing the impugned order ex parte without granting effective opportunity of being heard to the assessee.

iv. The assessee craves leave to add, amend, alter or withdraw any of the grounds of appeal at the time of hearing.

3. Brief facts of the case are that the assessee is an individual and is a partner in a partnership firm named M/s SSK Enterprises which is engaged in distribution of FMCG products. The assessee filed his return of income for the assessment year under consideration on 17.10.2017 declaring total income of Rs.4,34,930/-. Subsequently, based on information available with the department regarding high value cash transactions, it was noticed that cash deposits aggregating to Rs.12,89,09,000/- were made during the relevant previous year in bank account no. 20070500000035 maintained with Bank of Baroda. On the basis of the said information, the assessment was reopened by issuing notice under section 148 of the Act and the assessment was completed under section 144 read with section 147 of the Act.
4. During the course of assessment proceedings, the Assessing Officer issued various notices calling upon the assessee to explain the source of the aforesaid cash deposits. However, as noted by the Assessing Officer, the assessee did not furnish the required details and explanation. The Assessing Officer observed that the cash deposits in the bank account were substantially higher compared to the returned income of the assessee. In the absence of any explanation or supporting evidence, the Assessing Officer treated the cash deposits of

Rs.12,89,09,000/- as unexplained money under section 69A of the Act and added the same to the income of the assessee.

5. Aggrieved by the assessment order, the assessee preferred an appeal before the Commissioner of Income Tax (Appeals). The record shows that during the appellate proceedings, several notices were issued to the assessee fixing the case for hearing. However, the assessee did not file any written submissions or documentary evidence in support of the grounds raised in appeal. The Commissioner of Income Tax (Appeals) therefore proceeded to dispose of the appeal on the basis of the material available on record.
6. The Commissioner of Income Tax (Appeals) observed that the assessee had failed to furnish any explanation regarding the source of cash deposits of Rs.12,89,09,000/- in the bank account maintained with Bank of Baroda. It was further observed that despite being granted sufficient opportunities during the appellate proceedings, the assessee did not make any compliance or file any supporting evidence. In view of these facts, the Commissioner of Income Tax (Appeals) held that the Assessing Officer was justified in treating the cash deposits as unexplained money under section 69A of the Act and accordingly confirmed the addition made by the Assessing Officer.
7. Before us, the learned Authorised Representative submitted that the addition has been made without appreciating the correct factual position. It was submitted that the bank account in which the cash deposits were made pertains to the partnership firm M/s SSK Enterprises in which the assessee is a partner and the transactions reflected in the said bank account have been duly recorded in the books of account of the firm. It was further submitted that the firm has

already disclosed the income arising from such transactions in its return of income.

8. The learned Authorised Representative further submitted that both the assessment order and the order of the Commissioner of Income Tax (Appeals) have been passed ex parte and the assessee did not get proper opportunity to place the relevant material on record. It was therefore prayed that the matter may be restored to the file of the Assessing Officer for verification of the claim of the assessee.
9. The learned Departmental Representative relied upon the orders of the lower authorities.
10. We have heard the rival submissions and perused the material available on record. It is seen that the addition of Rs.12,89,09,000/- has been made by the Assessing Officer on account of cash deposits in bank account no. 20070500000035 maintained with Bank of Baroda by treating the same as unexplained money under section 69A of the Act. It is also evident from the record that the assessment order was passed ex parte and the Commissioner of Income Tax (Appeals) has also confirmed the addition ex parte for non-compliance on the part of the assessee. The contention of the assessee before us is that the bank account in which the cash deposits were made belongs to the partnership firm M/s SSK Enterprises and that the transactions reflected therein have already been recorded in the books of account of the firm and offered to tax in the hands of the firm. This contention of the assessee requires verification with reference to the books of account of the firm and the bank statements.
11. Considering the totality of facts and circumstances of the case, and in the interest of justice, we deem it appropriate to restore the issue to the file of the Assessing Officer for fresh examination. The

Assessing Officer shall verify the claim of the assessee regarding the ownership of the bank account and whether the cash deposits have been duly accounted for in the books of account of the partnership firm M/s SSK Enterprises and offered to tax in its return of income. The Assessing Officer shall decide the issue afresh in accordance with law after providing adequate opportunity of being heard to the assessee.

12. In the result, the appeal of the assessee is allowed for statistical purposes.

S.A. No. 7/Mum/2026
Assessment Year: 2017-18

1. The stay application has been filed by the assessee seeking stay of recovery of outstanding demand. As the appeal of the assessee in ITA No.8940/Mum/2025 has already been disposed wherein the issue involved in appeal have been restored to the file of the Assessing Officer for fresh adjudication, the present stay application does not survive for adjudication.
2. Accordingly, the stay application filed by assessee is dismissed as infructuous.

Order pronounced in the open court on 05/03/2026

Sd/-

(SANDEEP GOSAIN)

Judicial Member

Sd/-

(JAGADISH)

Accountant Member

Mumbai, Dated: 05/03/2026

Ankit

Sr. Private Secretary

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. The CIT
4. The CIT (Appeals)
5. The DR, I.T.A.T.

By order

(Assistant Registrar)
ITAT, Mumbai