

IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD "D" BENCH

**Before: DR. BRR Kumar, Vice President  
And Shri T. R. Senthil Kumar, Judicial Member**

**ITA No: 1764/Ahd/2025  
Assessment Year: 2017-18**

H R Motors Himatnagar Sabankantha-383001, Himatnagar, Gujarat  <b>PAN: AACFH7072H (Appellant)</b>	Vs	The Dy.CIT Circle-2(1)(1), Ahmedabad  <b>(Respondent)</b>
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**Assessee Represented: Shri Sunil Talati, A.R.  
Revenue Represented: Shri Rameshwar P Meena, Sr. D.R.**

Date of hearing : 17-03-2026  
Date of pronouncement : 26-03-2026

**आदेश/ORDER**

**PER : T.R. SENTHIL KUMAR, JUDICIAL MEMBER:-**

This appeal is filed by the Assessee as against the appellate order dated 02-09-2025 passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, (in short referred to as "CIT(A)"), arising out of the assessment order passed under section 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') relating to the Assessment Year 2017-18.

2. Brief facts of the case is that the assessee is a Partnership Firm engaged in the sale and service of Honda two wheelers. For the Asst.

Year 2017-18, assessee filed its Return of Income on 30-10-2017 declaring total income of Rs.70,69,170/-. The return was taken for scrutiny assessment, since the assessee had received cash advance from 611 customers amounting to Rs.1,57,76,639/- on 08-11-2016 being announcement of demonetization of Rs.500/- and Rs.2000/- INRs. The assessee was asked to furnish complete details of the customer's name, address amounts of advanced etc. The assessee replied on 11-12-2019 with complete address of 611 customers with Phone Number and some sample invoices. The Ld. A.O. examined the reply and held that it is highly impossible to receive advances from 611 customers in a single day immediate after the demonetization declared by the Government. Further the monthly average cash receipts by the assessee firm was ranging from Rs. 1.5 crores to Rs. 2.5 crores, whereas the assessee received in a single day cash receipts is not acceptable thereby made addition of Rs.1,57,76,639/- as the income of the assessee as unexplained cash credit u/s. 68 of the Act.

3. Aggrieved against the assessment order, assessee filed an appeal before Ld. CIT(A) who has confirmed the addition made by the assessing officer and dismissed the assessee appeal.

4. Aggrieved against the appellate order, the assessee is in appeal before us raising the following Grounds of Appeal:

*1. The Ld. CIT(A) erred in confirming addition of Rs.1,57,76,639 as unexplained cash credit. It is submitted that entire amount received and deposited are from different customer who has booked the two-wheeler/ vehicles with appellant who is engaged in the business of automobile dealership. It is therefore submitted addition amounting Rs1,57,76,639 is prayed to be deleted.*

- 2. Without prejudice to above, The Ld. CIT(A) has failed to appreciating facts that cash received from customer is fully supported by name, address of respective parties. It is submitted that amount so received and deposit in bank account being fully explained. It is therefore prayed that same be held now.*
- 3. The Order passed by the Ld. CIT(A) is bad in law and contrary to the provisions of law and facts. It is submitted that the same be held so now.*
- 4. Your appellant craves leave to add, alter, and/or amend all or any of the grounds before the final hearing of the appeal.*
5. Ld. Counsel Shri Sunil Talati appearing for the assessee filed before us a Paper Book running to 1225 pages which contains the cash book, complete details of 611 customers who booked the two wheelers on 08-11-2016 with the name, address and Mobile number, Ledger account of these 611 customers from Main Branch at Himatnagar, Prantij Branch Customer List, Talod Branch Customer List, details of purchase and sales during the year which include Inter-Branch Transfer, Stock Register, Bank Statement and Delivery Challan with customer confirmation. Ld. Counsel also placed before us a compilation of Case Laws on cash deposits during demonetization period. Thus Ld. Counsel argued that without verification of the customers wherein complete address, mobile numbers were given to the assessing officer, who made addition on the advances received of Rs.1.57 crores as unexplained cash credit, which is liable to be deleted.
6. Ld. S.R. D.R. appearing for the Revenue supported the orders passed by the lower authorities and requested to confirm the addition.
7. We have given our thoughtful consideration and perused the materials available on record. It is seen from the assessment order that the assessing officer held that average monthly cash receipts by the assessee

Firm is between Rs. 1.5 crores to 2.5 crores, whereas in a single day on 08-11-2016 wherein the assessee said to have received cash advances from 611 persons was found to be not practical. However the assessing officer has not made any inquiry by issuing notice u/s. 133(6) of the Act to any of the customers as against the list has given by the assessee. The sample invoices carries the name, full address and Cell Phone Numbers of the customers. The A.O. would have called for on sample basis to verify the genuineness of the transaction which is not done by the A.O.

8. Whereas the assessee has discharged its initial onus cast upon it by giving name, full address and contact numbers of the 611 customers, amount received, sale price of the vehicles, Insurance expenses, RTO expenses, other incidental expenses and Number plate and other accessories charges which were not verified by the Ld. A.O. The assessee's explanation that it opened 10 counters at the Head Office and 2 counters each at Prantij and Talod Branches wherein accepting the cash received from customers. Further the sale of two wheelers were required to get registered with the Regional Transport Office. The Ld. A.O. ought to have also verified with the Government Authorities about the sale of two wheelers, dates of registration, name of the parties etc., if he believe that 611 customers would not have made the cash payment during demonetization period. However the same was not done by the Ld. A.O. Thus in our considered view, the Ld. A.O. has not made proper verification before making addition u/s. 68 of the Act, whereas the assessee has fully discharged its initial onus cast upon it. Thus the addition of Rs.1,57,76,639/- made by the assessing officer is not sustainable in law and hereby directed to be deleted.

9. In the result, the appeal filed by the Assessee is hereby allowed.

Order pronounced in the open court on 26-03-2026

**Sd/-**  
**(DR. BRR KUMAR)**  
**VICE PRESIDENT** True Copy  
**Ahmedabad : Dated 26/03/2026**

**Sd/-**  
**(T.R. SENTHIL KUMAR)**  
**JUDICIAL MEMBER**

**आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-**

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Ahmedabad
6. Guard file.

By order/आदेश से,

उप/सहायक पंजीकार  
आयकर अपीलीय अधिकरण,  
अहमदाबाद