

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
DIVISION BENCH, 'B' CHANDIGARH

**BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER**

आयकर अपील सं./ ITA No. 993/CHD/2025
निर्धारण वर्ष / Assessment Year: 2017-18

Sunder Singh, VPO – Bighana, Distt. Jind, BO-Bighana, Jind.	Vs	The ITO, Ward, Jind.
स्थायी लेखा सं./PAN NO: CHGPS0082M		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

Assessee by : Shri Ajay Jain, CA
Revenue by : Dr. Ranjit Kaur, Addl. CIT Sr. DR

Date of Hearing : 16.03.2026
Date of Pronouncement : 06.04.2026

PHYSICAL HEARING

ORDER

PER RAJPAL YADAV, VP

The assessee is in appeal before the Tribunal against the order of the Id. Commissioner of Income Tax (Appeals) [in short 'the CIT (A)'] dated 25.06.2025 passed for assessment year 2017-18.

2. Though the assessee has taken five grounds of appeal, but his solitary grievance is that Id.CIT (Appeals) has erred in confirming the addition of Rs.1,40,00,000/- and disallowance

of Rs.72,531/- which has been made on account of non-deduction of TCS.

3. With the assistance of Id. Representative, we have gone through the record carefully. A perusal of the record would indicate that both the Revenue Authorities have failed to appreciate the true financial affairs of the assessee while making an addition of Rs.1,40,00,000/- and confirmation of the same at the end of the Id.CIT (Appeals). A perusal of the audited accounts placed in the Paper Book, running into 59 pages would indicate that assessee has shown cash as under:

Reply:

As the assessee is into business of Wholesale & retail of Liquor and Cash in Hand as on 31.03.2016 has been bifurcated under 2 heads namely:

<i>Cash in Hand</i>	<i>4,30,847/-</i>
<i>Proprietor Imprest A/c</i>	<i><u>1.40.00.000/-</u></i>
Total	<i>1,44,30,847/-</i>

The same has been shown in Audited accounts for AY 16-17 of assessee under head Current assets. As the Closing cash balance as on 31.03.2016 is shown as opening balance on 01.04.2017.

As per Audited Balance Sheet enclosed in Annexure A for the A.Y. 2016-17 sent to your goodself in which schedule No. 5 belong to current assets which is shown as below:-

x x x

3.1 The assessee has duly disclosed the Assets and Liabilities as on 31.03.2016 while preparing the return for

2016-17. In the accounts, this amount of Rs.1,40,00,000/- has been shown by the assessee. Copy of this statement is available on page 12 of the Paper Book. Thus, in closing account for assessment year 2016-17, in the Imprest Account of the proprietor, a cash-in-hand of Rs.1,40,00,000/- was available which has been re-introduced as cash-in-hand for the accounting year relevant to assessment year 2017-18. The AO failed to appreciate this account and construed it as unexplained cash credit. Once in the closing balance of assessment year 2016-17, this cash was shown in the Imprest Account by the proprietor, then it could not become an unexplained cash credit in the subsequent assessment year when it was re-introduced by the assessee. Therefore, this addition is not sustainable.

4. The second disallowance made by the AO is on account of non-deduction of TCS. The ld. counsel for the assessee has demonstrated that on sales, TCS is not required to be deducted. The assessee has accounted all the sales and thereafter filed the returns. The ld. AO has failed to appreciate this transaction also and made the addition with

the help of Section 40A(1) of the Act. Accordingly, we are of the view that this addition is not sustainable, hence, deleted.

5. In result, the appeal of the assessee is allowed.

Order pronounced on 06.04.2026.

Sd/-

Sd/-

**(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER**

**(RAJPAL YADAV)
VICE PRESIDENT**

“Poonam”

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
5. गार्ड फाईल/ Guard File

सहायक पंजीकार/ Assistant Registrar