

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, AHMEDABAD**

**BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER AND
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

**ITA No. 588/AHD/2026
Assessment Years: 2017-18**

Income Tax Officer - Ward 1, Mehsana, Gujarat - 384002	Vs.	Manibhadra Tractors, S301 Indraprasth 6 Ahmedabad, Ahmedabad City, Jodhpur Char Rasta S.O. Gujarat, Ahmedabad, Gujarat - 380015 [PAN – AATFM1986G]
(Appellant)		(Respondent)
Assessee by	Shri Chetan Agarwal, CA	
Revenue by	Shri R P Rastogi, CIT-DR	
Date of Hearing	08.04.2026	
Date of Pronouncement	21.04.2026	

ORDER

PER NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER:

This appeal is filed by the Revenue against the order of National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as ‘CIT(A)’] dated 05.12.2025 for the Assessment Year (A.Y.) 2017-18 in the proceeding u/s 147 r.w.s. 144B of the Income Tax Act.

2. The brief facts of the case are that the assessee did not file its return of income for A.Y. 2017-18. The AO had received an information that the assessee had made transactions totalling Rs. 5,41,34,906/- during the year. Therefore, a proceeding u/s. 147 of the Act was initiated by issue of

notice u/s. 148 of the Act on 28.03.2021. In the course of assessment proceeding no compliance was made by the assessee. Therefore, the assessment was completed *ex-parte* u/s. 147 r.w.s. 144B of the Act on 29.03.2022 at total income of Rs. 4,14,05,906/- wherein various additions were made.

3. Aggrieved with the order of the AO, the assessee had filed an appeal before the first appellate authority, which was decided by the learned CIT(A) vide the impugned order and the appeal of the assessee was partly allowed.

4. Now the Revenue is in appeal before us. The following grounds have been taken in this appeal:

1. *The Ld. CIT(A) has erred in law and on facts in deleting the actual cash deposit of Rs. 1,75,18,000/- out of addition of Rs. 4,08,15,150/- made by the Assessing Officer under section 69A read with section 115BBE of the Income-Tax Act, 1961, on account of unexplained cash deposits, without appreciating that the assessee had failed to file the return of income within the prescribed time and had not discharged the primary onus cast upon it during the reassessment proceedings.*
2. *The Ld. CIT(A) has erred in law and on facts in ignoring the categorical findings of the Assessing Officer that the assessment was completed under section 147 read with section 144B of the Act due to persistent non-compliance by the assessee, and that the assessee chose to file the return of income only at the fag end of the limitation period in response to notice under section 148.*
3. *Appellant craves leave to add, alter, amend and/or delete any of the Grounds of Appeal.*

5. Shri R P Rastogi, the Ld. CIT-DR, submitted that in the course of assessment proceeding no compliance was made by the assessee. The assessee neither filed its original return of income nor any return was filed in response to notice u/s. 148 of the Act. In the absence of any

compliance, the AO had treated the entire cash deposits/credits of Rs.4,08,15,150/- as unexplained and accordingly made the addition. The Ld. CIT-DR submitted that the assessee had filed certain fresh evidences before the Ld. CIT(A) on which remand report of the AO was called for. It was found that the actual cash deposits in the bank account was Rs.1,75,18,000/- only, which was explained to be sale proceeds of tractors. The Ld. CIT-DR submitted that the Ld. CIT(A) was not correct in deleting the addition for actual cash deposits of Rs. 1,75,18,000/- pertaining to which no concrete evidence was brought on record. According to the Ld. CIT-DR, the complete evidence for sale of tractors to farmers and receipt of cash from them, was not brought on record. Therefore, the Ld. CIT(A) was not correct in deleting the addition for actual cash deposits.

6. Per Contra, Shri Chetan Agarwal, the Ld. AR submitted that the assessee had not only made compliance before the AO in the course of assessment proceeding but also filed return of income in response to notice u/s. 148 of the Act. He submitted that evidences in the form of Tax Audit report, audited accounts, cash book, cash flow statement, bank book, bank statement, purchase and sale registers, RTO registration of tractors sold to customers, account of Mahindra & Mahindra (M&M) from whom purchases were made, VAT returns etc. were brought on record in the course of appeal proceeding and after examining the evidences and the remand report of the AO, the Ld. CIT(A) had rightly deleted the addition. He, therefore, strongly supported the order of the Ld. CIT(A).

7. We have considered the rival submissions. The assessee is a partnership firm engaged in sales and service agency for tractors and allied spare parts of M&M tractors, at Kalol. In the assessment, the AO had made addition of Rs. 4,08,15,150/- on account of cash deposits in the bank account. However, the basis of this addition was not specified. No inquiry from the bank was made and the bank statement was not brought on record. Thus, it is not evident as on what basis the AO had made addition of Rs. 4,08,15,150/-. Before the Ld. CIT(A) the assessee had submitted that the actual cash deposit in the bank account was Rs.1,75,18,000/- only. This fact was not denied by the AO in his remand report. The only objection of the AO was that copy of purchase bill/invoice for the sales made to farmers, was not produced. According to the AO, from the details filed by the assessee the fact of cash receipts being on account of sale of tractors, was not established. It is found that the assessee had produced cash book, sales registers and RTO registration of tractors sold to farmers. The AO did not make any effort to verify these evidences and had given only a perfunctory remark in the remand report that complete documentary evidences were not filed. No defect in the evidences brought on record by the assessee was pointed out by the AO. Further, nothing prevented the AO from making further inquiries in the course of remand proceeding, in respect of additional evidences brought on record. No enquiry regarding sales as disclosed by the assessee was made by the AO, before rejecting the evidence. The assessee had also submitted details for purchase register and ledger account of M&M from whom the purchase of tractors was made. It was also established that the cash deposited in the bank account was transferred to M&M towards purchase consideration. It is found that the Ld. CIT(A) had carefully

examined the evidences brought on record and given the following findings:

5.5. I have carefully considered the submission/documentary evidence filed by the appellant and remand report of the AO. On perusal of the additional evidence submitted by the appellant, i.e. Audit report, Cash Book, Bank book, Cash Flow statement and other details, the appellant had made cash deposits of Rs. 1,75,15,000/- in its various bank accounts.

5.5 On perusal of the remand report, it is noted that the AO has accepted that the actual cash deposits in bank account is Rs. 1,75,18,000/- against Rs. 4,08,15,150/- being addition made by the AO. I have carefully examined the Cash flow statement, bank ledger from books of accounts, bank statement, sales register with quantitative examination of the documents it is noted that the tractors are mostly sold to the farmers in wholly or partially in cash and such cash generated were deposited into the bank account. All the relevant documentary evidence which pertains to the case provided by the appellant during the present appellate proceeding, which were duly examined and taken into consideration, while adjudicating the appeal.

5.6 Further, the appellant also provided ledger account of Mahindra and Mahindra from whom purchases was made and it is also evident from bank statement that payments were made to Mahindra and Mahindra from cash deposited in bank account. It is observed that the said cash was generated from sales of tractors to farmers. Since, the cash was generated from sales and duly accounted for in books of accounts of the appellant, it cannot be treated as unexplained. Hence, the AO is directed to delete the addition amounting to Rs. 4,08,15,150/- as unexplained cash credits u/s 69A of the Act, made in the order u/s 147 read with section 144B of the Act, dated 29.03.2022. Hence, the Grounds of appeal no. 1 & 2 are hereby allowed”.

8. The Revenue has been unable to controvert the findings of Ld. CIT(A). No infirmity in the order of the Ld. CIT(A) has been specifically pointed out. We, therefore, do not find any reason to differ with the findings

and conclusions of the Ld. CIT(A). The order of the CIT(A) deleting the addition of Rs.4,08,15,150/- on account of unexplained cash deposits/credit, is upheld. The grounds taken by the Revenue are **dismissed**.

9. In the result, the appeal of the Revenue is dismissed.

Order pronounced in the Court on 21/04/2026 at Ahmedabad.

Sd/-
(SAJAY GARG)
Judicial Member

Sd/-
(NARENDRA PRASAD SINHA)
Accountant Member

Dated – 21st April, 2026

Neelesh, Sr. PS

(True Copy)

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल / Guard file.

आदेशानुसार/BY ORDER,
उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad