

**IN THE INCOME TAX APPELLATE TRIBUNAL
“D” BENCH MUMBAI**

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER &
SHRI MAKARAND VASANT MAHADEOKAR, ACCOUNTANT MEMBER**

**ITA No. 6866/Mum/2025
(Assessment Year: 2017-18)**

Raju Samsurat Yadav C/o CA Himanshu Gandhi, 16 th Floor, D Wing, Trade World Building, Kamala Mills Compound, Lower Parel, Mumbai Maharashtra – 400013.	Vs.	ITO Ward 1 (1), Kalyan, Kalyan- Dombivali, Mumbai, Maharashtra- 421301
PAN/GIR No. ADKPY8065E		
(Applicant)		(Respondent)

Assessee by	Shri Himanshu Gandhi
Revenue by	Shri Annavaram Kosuri, Sr. AR

Date of Hearing	07.04.2026
Date of Pronouncement	07.05.2026

आदेश / ORDER

PER MAKARAND VASANT MAHADEOKAR, AM:

This appeal by the assessee is directed against the order passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi [hereinafter referred to as "CIT(A)"] under section 250 of the Income Tax Act, 1961

[hereinafter referred to as "the Act"] dated 06.08.2025 for Assessment Year 2017–18, arising out of the assessment order passed by the Income Tax Officer, Ward 1(1), Thane [hereinafter referred to as "the Assessing Officer"/"AO"] under section 143(3) of the Act dated 16.12.2019.

2. The assessee has raised the following grounds of appeal: -

- i. On the facts and circumstances of the case and law, the Ld. CIT(A) erred in confirming the action of Ld. AO in passing the assessment order u/s 143(3) of the Income Tax Act, 1961 without considering the replies filed by the appellant before the Ld. AO.*
- ii. On the facts and circumstances of the case and law, the Ld. CIT(A) erred in confirming the action of Ld. AO in passing assessment order u/s 143(3) of the Act, without granting minimum period of 7 working days to submit response to show cause notice and thus the order passed u/s 143(3) is bad in law.*
- iii. On the facts and circumstances of the case and law, the Ld. CIT(A) erred in confirming the action of Ld. AO of adding Rs. 55,25,000/- being cash deposits from cash sales as unexplained cash credits under section 68 of the Income Tax Act, 1961.*
- iv. On the facts and circumstances of the case and law, the Ld. CIT(A) erred in confirming addition of Rs. 55,25,000/- u/s 68 of Income Tax Act, 1961 without considering the fact that the appellant has made cash sales of Rs. 6,29,40,485/- and the same has been offered as sales during the year and thus the addition of cash deposits would lead to double taxation which is not justified.*
- v. On the facts and circumstances of the case and law, the Ld. CIT(A) failed to considered that provision of section 68 does not apply on sales.*
- vi. Without Prejudice to Ground No 3 to 5, On the facts and circumstances of the case and law, the Ld. CIT(A) erred in confirming the action of Ld. AO of levying taxing at 60 percent under section 115BBE on addition of cash deposits u/s 68 without considering the amendment provision of sub section (1) of section 115BBE made applicable from 01.04.2017.*

- vii. *On the facts and circumstances of the case and law, the Ld. CIT(A) erred in charging interest u/s 234B of Income Tax Act, 1961.*
- viii. *On the facts and circumstances of the case and law, the Ld. CIT(A) erred in confirming the initiation of penalty proceedings under section 271AAC of the Income Tax Act, 1961.*
- ix. *Appellant craves leave to add further grounds OR to amend OR alter the existing grounds of appeal on OR before the date of hearing.*

3. Briefly stated, the facts of the case are that the assessee is an individual engaged in the business of trading in electronics through proprietary concerns namely M/s. SKS Enterprises and M/s. Omega Marketing. The assessee filed return of income for A.Y. 2017-18 on 06.11.2017 declaring total income at Rs. 4,11,940/-. The case was selected for scrutiny under CASS for examination of source of cash deposits made during the demonetization period. Accordingly, notice under section 143(2) dated 11.08.2018 was issued. Subsequently, notices under section 142(1) along with detailed questionnaires dated 21.09.2019, 23.10.2019 and 14.12.2019 were issued by the Assessing Officer.

4. The Assessing Officer observed that during the demonetization period the assessee had deposited cash aggregating to Rs. 57,25,000/- in various bank accounts with Bharat Cooperative Bank Ltd. as detailed below –

Sr. No.	Account No.	Amount Deposited
1	002612100051341	Rs. 3,30,500/-
2	002612100051077	Rs. 50,73,000/-
3	002610100081344	Rs. 3,15,000/-

4	006114800000107	Rs. 6,500/-
	Total	Rs. 57,25,000/-

4.1 According to the Assessing Officer, despite issuance of notices and questionnaires, no satisfactory explanation regarding the source of cash deposits was furnished by the assessee. The Assessing Officer therefore held that the nature and source of cash deposits remained unexplained and observed that “the onus was on assessee to explain the nature and source of cash deposit which he has failed to do.” Accordingly, the Assessing Officer treated the entire amount of Rs. 57,25,000/- as unexplained cash credit under section 68 read with section 115BBE of the Act and completed the assessment under section 143(3) vide order dated 16.12.2019 determining total income at Rs. 61,36,940/-. Penalty proceedings under section 271AAC were also initiated separately.

4.2 Aggrieved by the aforesaid assessment order, the assessee preferred appeal before the learned CIT(A). Before the learned CIT(A), the assessee submitted that the cash deposits represented business receipts arising from cash sales made in the ordinary course of business activities carried out through proprietary concerns M/s. SKS Enterprises and M/s. Omega Marketing. It was submitted that the assessee had disclosed total turnover of approximately Rs. 23,75,21,243/- during the year out of which cash sales amounted to Rs. 6,29,40,485/-. According to the assessee, cash received from sales was deposited into bank accounts and subsequently utilized for making payments to suppliers and vendors. The assessee further submitted before the

learned CIT(A) that such practice of depositing cash sales in bank accounts had consistently been followed in earlier as well as subsequent years and similar deposits had also been made in periods other than demonetization. The assessee specifically contended that even excluding the demonetization period, cash deposits during the year amounted to Rs. 6,22,15,240/- and therefore the deposits made during demonetization could not be regarded as abnormal or unexplained. The assessee further contended that the cash deposits stood duly recorded in the books of account and therefore separate addition under section 68 would amount to impermissible double taxation of the same income. The assessee also submitted before the learned CIT(A) that during assessment proceedings return of income, computation, tax audit report, audited financial statements and bank statements had already been furnished before the Assessing Officer. The assessee further contended that adequate opportunity was not granted during assessment proceedings and only four working days' time was granted for responding to the show cause notice. Various judicial precedents were relied upon before the learned CIT(A) in support of the contention that once sales are accepted and recorded in books of account, corresponding cash realization cannot again be taxed under section 68 or section 69A of the Act.

5. The learned CIT(A), however, was not convinced with the submissions of the assessee. The learned CIT(A) observed that despite opportunities granted by the Assessing Officer, the

assessee failed to satisfactorily explain the source of cash deposits made during the demonetization period. The learned CIT(A) further observed that before the Assessing Officer the assessee had merely furnished copy of return of income, computation, profit and loss account, balance sheet and Form No. 3CD but failed to furnish proper explanation regarding the source of cash deposits. Accordingly, the learned CIT(A) substantially confirmed the addition made under section 68 read with section 115BBE of the Act, granting relief only to the extent of Rs. 2,00,000/-.

6. During the course of hearing before us, the learned Authorized Representative (“AR”) submitted that the authorities below had proceeded on incorrect factual premise that no details or supporting documents were furnished during the course of assessment proceedings. Referring to the screenshots of the e-proceeding response tab placed on record, the learned AR submitted that the assessee had uploaded various details and supporting documents through the income tax e-filing portal on 12.12.2019 in response to the show cause notice issued under section 143(3) of the Act. It was submitted that the details uploaded before the Assessing Officer included tax audit report along with schedules, bank statements relating to Account No. 006114800000107, bank account details of M/s. SKS Enterprises bearing Account No. 002612100051341, bank account details of M/s. Omega Marketing bearing Account No.

002612100051077 and bank account details relating to Account No. 002610100081344.

6.1 The learned AR further submitted that the assessee had specifically informed the Assessing Officer through the e-proceeding portal that balance submissions would be uploaded within two to three days, however, the Assessing Officer proceeded to complete the assessment without considering the material already placed on record. The learned AR contended that the Assessing Officer ignored the documentary evidences and mechanically proceeded to make the addition merely on the allegation that no explanation had been furnished.

6.2 The learned AR further contended that the cash deposits made during the demonetization period were fully explained out of cash sales generated in the regular course of business. It was submitted that the total sales during the year amounted to Rs. 23,75,21,243/- out of which cash sales were at Rs. 6,29,40,485/.

6.3 According to the learned AR, the receipts from cash sales were deposited into the bank accounts and thereafter utilized for making payments to suppliers. It was argued that such cash sales and corresponding cash deposits were normal features of the assessee's business and similar practice had consistently been followed in earlier as well as subsequent years. The learned AR therefore contended that the source of cash deposits stood duly established from realization of disclosed cash sales already recorded in the books of account. The learned AR further

contended that the sales had already been offered to tax in the return of income and consequently separate addition of cash deposits would amount to impermissible double taxation of the same income.

6.4 Per contra, the learned Departmental Representative (“DR”) strongly relied upon the orders of the lower authorities and submitted that the Assessing Officer had categorically recorded that despite issuance of notices under sections 143(2) and 142(1) along with detailed questionnaires, no effective compliance was made by the assessee during the course of assessment proceedings. The learned DR submitted that the Assessing Officer had specifically observed that the assessee merely furnished copy of return of income, computation, profit and loss account, balance sheet and Form No. 3CD which were insufficient to explain the nature and source of cash deposits.

7. We have heard the rival submissions and perused the material available on record. We find that the primary grievance of the assessee is that despite uploading various details and supporting documents through the e-proceeding portal, the Assessing Officer proceeded to complete the assessment on the premise that no proper explanation or supporting evidences were furnished in relation to the cash deposits made during the demonetization period. From the screenshots of the e-proceeding portal placed before us, it prima facie appears that the assessee had uploaded tax audit report, schedules and bank statements relating to various bank accounts on 12.12.2019 in response to

the show cause notice issued by the Assessing Officer. It further appears that the assessee had also informed the Assessing Officer that balance submissions would be uploaded within two to three days.

7.1 We further note that the consistent stand of the assessee before the lower authorities has been that the impugned cash deposits represented realisation of cash sales duly recorded in the books of account and already offered to tax as part of disclosed turnover. However, from the assessment order, we find that the Assessing Officer has not carried out any verification of the books of account, bank statements, turnover disclosed by the assessee or the claim that the cash deposits represented realization of cash sales. The addition appears to have been made primarily on account of alleged non-compliance.

7.2 We further observe that though the learned CIT(A) has granted relief of Rs. 2,00,000/-, there is no detailed examination of the evidences and submissions now pointed out before us by the learned AR, particularly the responses uploaded on the e-proceeding portal and the claim that the deposits were duly supported by books of account and disclosed turnover. In our considered view, the issue requires proper factual verification at the end of the Assessing Officer.

7.3 Considering the totality of facts and circumstances of the case and in the interest of substantial justice, we deem it appropriate to restore the entire issue relating to the addition made under section 68 read with section 115BBE of the Act back

to the file of the Assessing Officer for fresh adjudication. While doing so, we may observe that it is a settled principle of law that once sales are duly recorded in the books of account and corresponding receipts are offered as part of business turnover, the same amount cannot again be brought to tax separately as unexplained cash credit, as such action would result in impermissible double taxation of the same income. At the same time, the factual correctness of the assessee's claim that the impugned cash deposits represented realisation of recorded cash sales requires proper verification at the assessment stage.

7.4 Accordingly, the Assessing Officer shall examine the books of account, bank statements, details of cash sales, cash deposits and all supporting evidences which may be furnished by the assessee and thereafter adjudicate the issue afresh in accordance with law. The Assessing Officer shall specifically verify whether the impugned cash deposits are duly reflected in the regular books of account and form part of the disclosed turnover offered to tax by the assessee. Needless to state, adequate opportunity of being heard shall be granted to the assessee before passing the fresh assessment order. The assessee is also directed to extend full cooperation and furnish all relevant details and documentary evidences as may be called for by the Assessing Officer. Since we are restoring the matter back to the file of the Assessing Officer for fresh adjudication, all the grounds raised by the assessee are kept open.

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

Order pronounced in the open court on 07.05.2026.

Sd/-
(AMIT SHUKLA)
JUDICIAL MEMBER

Sd/-
(MAKARAND VASANT MAHADEOKAR)
ACCOUNTANT MEMBER

Mumbai, Dated 07/05/2026
Z.U., PS

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

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

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

1.

उप/सहायक पंजीकार (Asst. Registrar)
आयकर अपीलीय अधिकरण, मुम्बई / ITAT, Mumbai