

IN THE INCOME TAX APPELLATE TRIBUNAL
PATNA BENCH, PATNA
(VIRTUAL HEARING AT KOLKATA)

SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER
SHRI YOGESH KUMAR US, JUDICIAL MEMBER

ITA No. 353/PAT/2025
Assessment Year : 2016-2017

Assistant Commissioner of Income Tax, Circle-1, Patna, 4 th Floor, Lok Nayak Bhavan, Dak Bunglow Chauraha, Patna - 800001	Vs.	Shakuntala Jewellers Private Limited, Jewellery Mall, Nageshwar Colony, Bakarganj, Patna - 800004 [PAN: AAMCS2576E]
APPELLANT		RESPONDENT

Assessee by	:	Shri Subhash Chandra, Adv.
Revenue by	:	Shri Bharat Bhusan Garg, CIT-DR

Date of hearing	:	22.07.2026
Date of Pronouncement	:	17.08.2026

ORDER

PER LAXMI PRASAD SAHU, ACCOUNTANT MEMBER

This is an appeal filed by the Revenue against the order passed u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) by the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as “the Ld. CIT(A)"] dated 06.06.2025, DIN & order No. ITBA/NFAC/S/250/2025-26/1076761200(1) on the following grounds of appeal:

“i. Whether on the facts and circumstances of the case and in law, the CIT(A), NFAC has erred in deleting the addition of Rs.2,24,71,597/- made on account of unverified purchase made from direct customer on the ground that it has been audited a part of books of accounts and it is not possible by the assessee to upload all the invoices within one or two days. Without considering the fact that the AO has provided sufficient time to furnish details in response to notice u/s 142(1) of the Act and show cause notice issued during assessment proceedings. As per the income tax provision, the AO has called specific details/ documents as required for verification of transactions made by the assessee for the year under consideration.

ii) Whether on the facts and circumstances of the case and in law, the CIT(A), NFAC has erred in deleting addition of Rs.4,30,82,054/-made on account of unverified purchase made from the parties who have either not responded or shown lower value of transaction on the ground that the matter is related to FY 2015-16 means at least ten years earlier and the AO has not issued notice u/s 133(6)/summons u/s 131 of the Act to examine despite the fact that as per the income tax provision, books of accounts of relevant year should be kept properly when income tax proceedings is going on. During remand report proceedings, the AO has verified the facts from the available records and found that in absence of documentary evidences, the issue remain unexplained.

iii.) Whether on the facts and circumstances of the case and in law the CIT(A), NFAC has erred in deleting the addition of Rs.6,47,35,639/-made on account of unverified purchase made from the parties whose PAN details were submitted by the assessee at the fag end of assessment proceeding on the ground that the assessee has submitted the name along with PAN of concerned parties/entities. However, the assessee had submitted PAN details of the concerned parties/entities on 20.03.2024 through online. This case was getting time barred on 31.03.2024 and the assessee had submitted PAN details just 10 days before the limitation date.

iv.) Whether on the facts and circumstances of the case and in law, the CIT(A), NFAC has erred in deleting the addition of Rs. 3,31,15,401/-made on account of unexplained cash credits u/s 68 of the Act without considering the facts that the AO had provided sufficient time to the assessee to submit the details/ documents as per notice u/s 142(1) of the Act issued during assessment proceedings.

v.) Any other ground that may be urged at the time of hearing.”

2. Briefly stated the facts of the case are that assessee filed return of income on 18.10.2016 declaring income of Rs. 1,21,09,440/- as per specific information noted as under:

“Information in the form of Suspicious Financial Transactions has been reported in the Insight Portal in case of the assessee Shakuntala Jewellers Private Limited (PAN:AAMCS2576E)for the

FY 2015-16 relevant to the AY 2016-17. The information which is in the possession of the DCIT, Circle-1, Patna have been examined and verified on the departmental portals. The information is as under.

"Frequent high value cash deposits in a/c of a jeweller. Transactions made in account are as under: 10.08.2015: Rs. 6,00,000 credit transfer 10.08.15 Rs. 600000.00 credit transfer from CA 31749099871 of Shree Jewellers. 11.08.15 Rs. 12,00,000.00 cash deposit at home."

3. After due compliance the order u/s 148AD of the Act was passed on 30.03.2023. Accordingly, notice u/s 148 of the Act was also issued on the same date. Subsequently, various other statutory notices were issued to the assessee. During the course of reassessment proceeding, the assessee furnished reply on different dates, the assessee did not file return of income in response to notice u/s 148 of the Act. Thereafter, notice u/s 142(1) of the Act was issued to the assessee dated 12.07.2023 the assessee furnished its reply on 02.08.2023 along with copy of acknowledgement and return of income for the AY 2016-17 balance sheet, profit and loss account and further notice was issued on 11.08.2023 u/s 142(1) of the Act that specific question, the assessee sought adjournment and later on the assessee furnished copy of bank account, ledger account, cash book, audit report details of supplier, copy of ITR, computation of income and financial statement. Accordingly,

notice u/s 143(2) of the Act dated 27.03.2024 was issued to the assessee and subsequently notice u/s 142(1) of the Act was also issued with questionnaire, as per order passed u/s 148A(d) dated 30.03.2023. It was noted that the assessee has made frequent high cash deposits in bank account followed by transfer of funds to other account total to Rs. 25,42,13,170/-. During the course of reassessment proceeding, assessee submitted copy of cash, ledger in support of cash maintained by the assessee on daily basis. Further, on examination of the cash book, ledger of the assessee it was found that the assessee has accounted total cash sales of Rs. 16,92,25,033/- during the year under consideration. However, on perusal of information, the assessee deposited total cash credit of Rs. 25,42,13,170/- in its bank account during the year under consideration in its reply dated 01.09.2023 submitted that during the year under consideration. The assessee has made all sales on cash basis. Further, the assessee has no other source of income other than the cash receipts against sale of jewellery. Accordingly, the AO noted that the difference of Rs. 8,49,88,137/- (Rs. 25,42,13,170/-) (-) Rs. 16,92,25,033/-) excess of cash sales during the year under consideration is unexplained credit. Further, assessee submitted total purchase of Rs. 21,37,16,877/- and purchase made from various dealers, the total purchase comes to Rs. 19,12,45,280/- and purchase worth Rs. 2,24,71,597/- have been made from various individuals, the details from whom the assessee worth Rs. 19,12,45,280/- were submitted by the assessee on 14.03.2024 which is incorporated in the assessment order.

Further, the assessee has submitted details of purchase of old gold/kachi silver/old ornaments from direct customers worth Rs. 2,24,71,597/- but has not submitted any documentary evidences in the form of purchase invoices/bills, vouchers payment details etc. to substantiate the claim of genuine purchase. Further, notice u/s 133(6) of the Act was sent to the six parties, but the AO received response from the three parties and no confirmation have been received from other three parties. The AO noticed that there is a difference of Rs. 4,30,82,054/- in the accounts maintained by the assessee and transaction confirmed by seller and the assessee did not furnish the PAN etc. from whom the assessee has made purchase during the year in respect of 10 parties. The AO issued show cause notice on 16.03.2024 against which the assessee furnished reply on 20.03.2024. The assessee submitted that M/s Shilpi Jewellers Pvt Ltd and M/s Dasrath Silver Arts Pvt Ltd have uploaded the information, in case of M/s Easy Fit Jewellers Pvt. Ltd. is no more business site and the assessee do not have any knowledge about their address. The assessee has further submitted that M/s Mahashila Jewellers and M/s Mahakali Jewellers are separate entities and in the notice both have been clubbed in the name of M/s Mahashila Jewellers. The assessee has further submitted that M/s Mahakali Jewellers (PAN: is of different entity). The AO after considering the submission in respect of old gold, old silver ornaments, old bullion purchase to the tune of Rs. 2,24,71,597/- and if purchase have been made directly from customers on said payment vouchers, assessee has

submitted month wise purchase but has not supported his submission in respect of purchases made directly from customers along with receipts/invoices/vouchers/bank statements. Accordingly, the total purchase of Rs. 13,02,89,290/-(Rs. 22479594 + 430824 + 64735639/-) were treated as business income of the assessee. Further, the assessee has deposited excess cash over the sales was added as income u/s 68 of the Act of Rs. 3,31,15,401/-. Accordingly, assessment was completed u/s 147/143(3) of the Act at Rs. 17,55,14,130/-.

4. Aggrieved from the order of AO, the assessee filed appeal before the Ld. CIT(A). During the course of first appellate proceeding, the assessee furnished documents and submissions, the Ld.CIT(A) after considering the same allowed the appeal of the assessee.

5. Aggrieved from the order of the Ld.CIT(A), the Revenue is in appeal before the ITAT.

6. The Ld. DR relied on the order of AO and submitted that the Ld.CIT(A) has wrongly deleted the additions of Rs. 2,24,71,597/- towards purchase of old gold, old bullion and old silver directly from the customers, the assessee did not furnish the entire documents to prove the purchases from the customers. He also submitted that the assessee started purchase of old gold bullion jewellery since 01.11.2015 before that there was no any purchase and assessee has stopped purchased of old gold from 26.02.2016 which is clear from the paper book at page

number 182 and 183. He further strongly objected regarding evidence submitted by the assessee and he stated that there is no full address of the vendors/customers, there is no quality of ornaments and what kind of ornaments was purchased and there is no gross value and deduction shown in respect of the purchase of old gold ornaments, old bullion, old silver and there is no contact details these documents were submitted at the fag end of the reassessment after issuance of show cause notice which clearly indicates that these documents were not available to the assessee and it was prepared later on. Subsequently, when the AO proposed to make addition for the purchase of old gold then the assessee has meticulously prepared their invoices which are less than Rs. 10000/- in each and every circumstances. Therefore, the invoices produced by the assessee does not specify to pass the filter of the credibility to prove the old gold/bullion /jewellery in the form of the evidences. Further, in respect of unverified purchase from parties of Rs. 4,30,82,054/- either the party did not respond they shown lower value of transactions, the observations of the Ld.CIT(A) that the AO has not issued notice u/s 133(6)/summons u/s 131 of the Act to examine the parties whose accounts are differences and he further contested that it is primary duty of the assessee to prove the genuineness and correctness of the transactions caried out by it. He further contested that unverified purchase of Rs. 6,47,35,639/- from parties whose PAN were furnished at the fag end on 20.03.2024 and the assessment was getting time bared on 31.03.2024, the AO had no time to examine those parties. The AO

provided various opportunities to the assessee even the Ld. CIT(A) did not give chance to the AO. He further submitted that the turnover of the assessee is lower than the total cash deposited. The differences noted by the AO of Rs. 3,31,15,401/- could not be explained by the assessee. Accordingly, the order of the Ld.CIT(A) is completely not in the line of the income tax provision and he submitted that before allowing the appeal of the assessee. The Ld. CIT(A) should have been allowed the opportunities to the AO.

7. The Ld. DR further submitted that the Ld. CIT(A) has co-terminus power and he could have examined the issue directly in spite of shifting the burden upon AO regarding the issuance of notice u/s 133(6) of the Act and summons u/s 131 of the Act.

8. On the other hand, Ld. Counsel for the assessee reiterated the submissions made before the lower authorities and strongly relied the order of the Ld. CIT(A). He submitted that the Ld.CIT(A) after examining the entire records he himself was satisfied and examining the paper books filed, thereafter he has allowed.

9. Considering the rival submissions and perusing the entire materials available on record and orders of authorities below. On going through the assessment order, we noted that there two main issue raised by the AO . One is dispute is regarding for the purchase made by the assessee as per submissions. We noted that the assessee has

purchased old gold/silver/bullion from 01.11.2015 to 28.02.2016 for Rs. 2,24,71,597/- during the entire AY only. We also gone through the invoices placed by assessee and summary of the purchase list which is placed at paper book at page number 129 to 373. We observed that the address given of the concerned old customer/vendor only the name is mentioned and main place but complete address is not shown, so that the departmental authorities can make correspondence from the old customers/vendors. We also noted that all the invoices are less than Rs. 10,000/- and there is no mentioned which kind of ornaments purchased. It is well known by everybody in case of purchase by jewellers, there is general practice all over the country regarding buying of old gold/ornaments from the customers they deducted certain percentage is also not mentioned in the invoice. Therefore, the veracity of the purchase evidence produced in support of the purchase from old customers are in doubtful and we also noted that the assessee has made purchase from various persons/customers in a day. We also noted that there are some difference on the account balance of the suppliers and the creditors which was not reconciled by the assessee and there is excess cash deposits as noted by the AO and purchase have not been verified since the documents furnished at the fag end of the assessment. However, the Ld.CIT(A) did not call any remand report or he has not exercised his co-terminus power of the AO, he could have verified after issuing notice u/s 133(6) of the Act or summons but he did not do so and allowed the appeal of the assessee and shifted the burden upon AO this is also not correct.

Considering the totality of facts and circumstance of the case and in the interests of justice, we are remitting these issues back to the file of AO for depth examination and decide the issue as per law of the entire issues raised before us by the revenue. The assessee is directed to substantiate its case with cogent documents in support of its claim and not seek unnecessary adjournments for early disposal of the case. In case of failure, no second leniency shall be granted to the assessee.

10. In the result, appeal of the Revenue is partly allowed for statistical purposes.

Order pronounced on 17.08.2026.

Sd/-

(Yogesh Kumar US)
Judicial Member

Sd/-

(Laxmi Prasad Sahu)
Accountant Member

Dated: 17.08.2026

AK, Sr. P.S.

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. CIT(DR)

//True copy//

By order

Deputy Registrar, Kolkata Benches

