

आयकर अपीलीय अधिकरण न्यायपीठ “एक-सदस्य” मामला रायपुर में

**IN THE INCOME TAX APPELLATE TRIBUNAL  
RAIPUR BENCH “SMC”, RAIPUR**

**श्री पार्थ सारथी चौधरी, न्यायिक सदस्य के समक्ष  
BEFORE SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER**

**आयकर अपील सं./ITA No.224/RPR/2026**

**निर्धारण वर्ष / Assessment Year : 2017-18**

The Income Tax Officer,  
Jagdalpur (C.G.)

.....अपीलार्थी / Appellant

**बनाम / V/s.**

Durga Saw Mill, Dantewada  
Awara Bhata, Dantewada,  
Jagdalpur (C.G)-494 449  
PAN: AABFD7408G

.....प्रत्यर्थी / Respondent

Assessee by : Shri Yash Dhariwal, CA  
Revenue by : Dr. Priyanka Patel, Sr. DR

सुनवाई की तारीख / Date of Hearing : 29.04.2026

घोषणा की तारीख / Date of Pronouncement : 29.04.2026

**आदेश / ORDER****PER PARTHA SARATHI CHAUDHURY, JM**

The present appeal preferred by the Revenue emanates from the order of the Ld.CIT(Appeals)/NFAC, Delhi dated 20.01.2026 for the assessment year 2017-18 as per the grounds of appeal on record.

2. In this Revenue's appeal in **Ground of appeal No.3**, they have assailed that the Ld.CIT(Appeals)/NFAC had provided relief to the assessee without adhering to Rule 46A(3) of the I.T Rules, 1962 while admitting certain additional evidences at the time of appeal proceedings. In this regard, relevant findings of the Ld.CIT(Appeals)/NFAC are extracted as follows:

“6.2 During the appellate proceedings, the appellant submitted that the amount represented genuine sales proceeds for teak wood sold to M/s. Ankit Trading Co. against "C" Forms and received via banking channels. The appellant contended that the A.O failed to disprove the genuineness of the sales or the existence of stock and erred by making an addition under Section 68 without rejecting books of account.

6.3 I have considered the assessment order, the appellant's submissions, and the material placed on record, including the bank statements, "C" Forms, audited financials.

The core issue is the applicability of Section 68 when the appellant claims the credit entry is a sales receipt recorded in regular books of account. The appellant has maintained a consistent stand that it did not had any purchase transaction with M/s. Ankit Trading Co., but rather sold goods to them and received payment.

It is a settled legal principle that the initial burden of proof for a cash credit under Section 68 is on the assessee to prove the identity, creditworthiness and genuineness of the transaction. The appellant has provided the PAN and address of M/s. Ankit Trading Co., furnished bank statements showing the receipt payment, and provided "C" Forms and sales invoices, all of which were recorded in its audited books of account. This prima facie discharges the initial burden.

Once the assessee has offered a plausible explanation and placed documentary evidence on record, the onus shifts to the A.O to conduct further inquiries and bring cogent material on record to demonstrate that the explanation is false or that the transactions are non-genuine. The A.O merely relied on third-party information that M/s.Ankit Trading Co. provided "bogus entries" without independently investigating the specific transactions concerning the appellant or confronting the appellant with adverse material."

3. At the time of hearing, the Ld. Counsel for the assessee submitted that it is only "C" Forms which is an additional evidence filed during the first appellate proceedings, and rest all other documents were furnished before the A.O. He further submitted that this "C" Forms pertains to sale transactions and corresponding payment of VAT.

4. Per contra, the Ld. Sr. DR referred to Paras 6.2 & 6.3 of the order of the Ld. CIT(Appeals)/NFAC and submitted that this "C" Forms is crucial in determining the genuineness of the transactions with M/s. Ankit Trading Co. and payment received by banking channels which therefore, should have been forwarded to the A.O for his response as per Rule 46A(3) of the I.T. Rules, 1962.

5. Having heard the submissions of the parties herein, I am of the considered view that admittedly, "C" Forms is an additional evidence that had been considered independently by the Ld. CIT(Appeals)/NFAC without confronting the A.O for his response on the same. That as submitted by the Ld. Counsel for the assessee such document provides transactions details and payments of VAT. It has also been submitted by the Ld. Sr. DR simultaneously that such "C" Forms is important to understand the genuineness of sale transactions with M/s. Ankit Trading Co. It is also the fact that the said "C" Forms had been independently considered by the Ld. CIT(Appeals)/NFAC without providing any opportunity to the A.O for his response regarding the same. In other words, there has been no ground verification regarding correctness of such transactions as per "C" Forms which therefore, needs factual verification at the level of A.O and most importantly, Rule 46A(3) of the IT Rules, 1962 has to be complied with by the first appellate authority while admitting the addition evidences.

6. In view thereof, order of the Ld. CIT(Appeals)/NFAC is set aside and the matter is remanded to its file to comply with Rule 46A(3) of the IT Rules, 1962, call for remand report regarding additional evidences admitted and upon receipt of such remand report and submissions of the assessee, the said authority shall denovo adjudicate the matter as per law while complying with the principles of natural justice. The assessee shall

mandatorily comply with the hearing notices issued from the office of the Ld. CIT(Appeals)/NFAC. I order accordingly.

7. That as per above terms, the appeal of the Revenue is allowed for statistical purposes.

Order pronounced in open court on 29<sup>th</sup> day of April, 2026.

Sd/-  
**(PARTHA SARATHI CHAUDHURY)**  
न्यायिक सदस्य/JUDICIAL MEMBER

रायपुर / Raipur; दिनांक / Dated : 29<sup>th</sup> April, 2026.

SB, Sr. PS

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT-1, Raipur (C.G.)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "एक-सदस्य" बेंच, रायपुर / DR, ITAT, "SMC" Bench, Raipur.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Senior Private Secretary  
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur