IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 12.06.2026

CORAM

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HONOURABLE MR. JUSTICE G.ARUL MURUGAN

T.C.A.No.40 of 2026

Principal Commissioner of Income Tax
Madurai

Appellant(s)

Vs

Shri Ganesan Anbuselvam
No.11-FA, Standard Colony
Thiruthangal, Tamil Nadu 626 130
PAN : ADQPA9937R

Respondent(s)

PRAYER: Appeal filed under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal "B" Bench, Chennai dated 26.09.2025 in ITA.No.3181/Chny/2024.

For Appellant(s) : Mr.V.Mahalingam
Senior Standing Counsel

JUDGMENT

(Delivered by G.ARUL MURUGAN, J.)

The Revenue has preferred this tax case appeal under Section 260A of the Income Tax Act, 1961, assailing the order of the ITAT "B" Bench, Chennai, dated 26.09.2025, in ITA.No.3181/Chny/2024.

2. The assessee, an individual engaged in the business of selling alcoholic beverages in the name and style of Anbu Wines Bar, has filed his return of income for the assessment year 2017-18 on 31.03.2018, admitting a total income of Rs.11,97,090/-, which was processed under Section 143(1) of the Income Tax Act, 1961 (in short "the Act").

3. The case was selected for scrutiny under CASS. Notice under Section 143(2) of the Act dated 21.09.2018 was issued to the assessee. Further, notice under Section 142(1) of the Act was issued on 07.12.2019 calling for details. After affording several opportunities and considering the cash deposits made in the accounts and on noting the unaccounted purchases made, the Assessing Officer made additions for unaccounted purchases of Rs.2,27,76,680/- under Section 69C of the Act.

4. The assessee filed appeal before the Commissioner of Income Tax (CIT) (Appeals). Pursuant to the additional evidences admitted under Rule 46A of the Income Tax Rules, 1962, the CIT (Appeals) called for a remand report from the Assessing Officer. Based on the Assessing Officer's report, CIT (Appeals) deleted the additions. The revenue filed an appeal before the Income Tax Appellate Tribunal (ITAT). The ITAT, after finding that the CIT (Appeals) had deleted the additions only based on the remand report of the Assessing Officer where the Assessing Officer has accepted the Assessee's explanations and evidences, dismissed the appeal.

5. The learned counsel appearing for the appellant submitted that the ITAT could not have confirmed the order of CIT (Appeals), merely by relying on the remand report of the Assessing Officer. The report of the Assessing Officer was based on an affidavit by two non tax paying entities and, therefore, the findings arrived at are perverse.

6. Heard the learned counsel for the appellant and perused the materials available on record.

7. The assessee has filed the return of income for the assessment year 2017-18 admitting a total income of Rs.11,97,090/-. Pursuant to the case being selected for scrutiny, notice dated 21.09.2018 was issued under Section 143(2) of the Act and after inquiry, the Assessing Officer made additions towards the unaccounted purchases for a sum of Rs.2,27,76,680/- to the income under Section 69C of the Act.

8. In the appeal preferred, the assessee had filed additional evidences under Rule 46A, which came to be admitted, pursuant to which, the CIT (Appeals) had called for a remand report from the Assessing Officer. In the remand proceedings, the Assessing Officer accepted the Assessee's explanations and evidences and ultimately, acknowledged that the deposits were consistent with business activity. Only based on the Assessing Officer's remand report, the CIT (Appeals) deleted the additions. The Tribunal had also found that the additional evidences were admitted in accordance with Rule 46A and there was no procedural lapse or prejudice caused to the Revenue.

9. When the order of CIT (Appeals) was based on the remand report submitted by the Assessing Officer accepting the assessee's explanation and evidences and it was found that the deposits were consistent with the business activity, the CIT (Appeals) rightly deleted the additions, which was taken note of and confirmed by the ITAT.

10. In such circumstances, we see no error or infirmity in the findings arrived at and no substantial question of law arises for consideration. Accordingly, the tax case appeal stands dismissed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ.) (G.ARUL MURUGAN, J.)
12.06.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
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