

Assessee can't receive Payments from its Old Sundry Debtors after a gap of Two to Three years

Fact of the Case

1. In the present case M/s.Jaidayal Prannath Kapur was the assessee who did not extend full cooperation in the reopened assessment proceedings, and ultimately, notice was issued under Section 142(1) of the Act
2. The assessee was called upon to furnish the details of the source of payment of a sum of Rs.60,63,000/- by cash to M/s. Aditya Securities Ltd., and another amount of Rs.9,50,000/- by Demand Draft to the very same company.
3. The assessee was questioned as regards the nature and source of payment, they stated that Rs.98,40,421/- was due from Sundry Debtors as of 31.03.1999.
4. The assessee was requested to furnish the name and address of the Sundry Debtors who gave/settled their amounts by cash with the date and the hearing of the case was postponed.
5. However, the assessee was unable to provide any details and filed an affidavit, which was rejected by the Assessing Officer as baseless.
6. The Assessing Officer rightly drew an adverse inference against the assessee in the absence of any documentary evidence and completed the assessment by order dated 19.12.2007.
7. Aggrieved by the same, the assessee preferred an appeal before the Commissioner of Income Tax (Appeals).

Decisions of the Case

1. The division bench of Justice T.S. Sivagnanam and Justice Sathi Kumar Sukumara Kurup held that the assessee could not furnish any details regarding the payments received from the Sundry Debtors and that even their names could not be furnished.
2. In the absence of any details, the Tribunal rightly held that it is impossible to believe the theory that the assessee had received the payments from its old Sundry Debtors after a gap of two to three years, and accordingly, the appeal was dismissed.