

IN THE INCOME TAX APPELLATE TRIBUNAL “D” BENCH : KOLKATA

[Before Hon’ble Shri Aby. T. Varkey, JM & Shri M.Balaganesh, AM ]

I.T.A No. 2175/Kol/2016

Assessment Year : 2011-12

Anant Veer Jalan  
[PAN: AFHPJ 3711 K]  
(Appellant)

-vs-

ACIT, Range-22, Kolkata  
(Respondent)

For the Appellant : Shri P.J. Bhide

For the Respondent : Shri Arindam Bhattacharjee, Addl. CIT

Date of Hearing : 15.03.2018

Date of Pronouncement : 21.03.2018

**ORDER**

**Per M.Balaganesh, AM**

1. This appeal by the Assessee arises out of the order of the Learned Commissioner of Income Tax(Appeals)-18, Kolkata [in short the Id CIT(A)] in Appeal No.307/CIT(A)-18/14-15/ITO, Wd-58(1)/Kol dated 25.08.2016 against the order passed by the ACIT, Range-22, Kolkata [ in short the Id AO] under section 143(3) of the Income Tax Act, 1961 (in short “the Act”) dated 29.03.2014 for the Assessment Year 2011-12.

2. The only issue to be decided in this appeal is as to whether the Ld. CIT(A) was justified in upholding the addition made towards unexplained cash deposits in the sum of Rs. 10lacs., in the facts and circumstances of the case.

3. The brief facts of this issue is that the assessee is a salaried employee disclosing salary income of Rs. 6,65,29,057/-. The return of income for the assessment year 2011-12 was filed by the assessee on 29.07.2011 declaring total income of Rs. 6,63,02,316/- after claiming set off income from house property in the sum of Rs. 1,50,000/- and

deduction u/s 80C and 80CCF of the Act. The Id. AO during the course of assessment proceeding observed that the assessee had made cash deposits in Citi Bank account as under:

On 26.04.2010	Rs. 2lacs.
On 28.04.2010	Rs. 5 lacs.
On 25.11.2010	Rs. 3 lacs.
<b>Total</b>	<b>Rs.10 lacs.</b>

4. The assessee sought to explain the source of these cash deposits to have made from the opening cash balance of Rs. 990018/- and out of withdrawals made during the year under appeal. The assessee also filed a cash book for the immediately preceding year wherein after taking into account all the cash withdrawals from the bank account, after reducing the cash deposits into the bank account and drawings of Rs. 2 lacs from the said cash account, the assessee was left with closing balance as on 31.03.2010 in the form of cash of Rs. 990018/-. This closing cash balance was carried forward to the year under appeal and out of that the sum of Rs. 7 lacs were deposited on 26.04.2010 and 28.04.2010 by the assessee. With regard to subsequent deposit on 25.11.2010, the assessee explained that the same were made out of available cash balance and withdrawals during the year. The Id. AO did not accept this explanation of the assessee in view of the small withdrawals made by the assessee on a frequent basis which in his opinion, were to be meant for incurrence of some expenses. Accordingly, he disbelieved the contentions of the assessee and proceeded to make an addition of Rs. 10 lacs as unexplained cash deposits in the bank account.

5. The Ld. CIT(A) observed that it is very unlikely that frequent cash withdrawals made by the assessee in small sums were lying as cash balance in his account without it being expended for some specific purpose. The Ld. CIT(A) also observed that the assessee had also shown only a sum of Rs. 103830/- as drawings in cash which is unlikely given

the status of the assessee, being a high net worth individual. Accordingly, he upheld the action of the ld. AO. Aggrieved the assessee is in appeal before us on the following grounds:

- 1. That on the facts and circumstances of the case, the Ld. Commissioner of Income Tax (Appeals)-18, Kolkata in holding that the Assessing Officer has rightly made addition of Rs. 10,00,000/- as unexplained money in the hands of the Appellant Assessee.*
- 2. That on the facts and circumstances of the case, the ld. Commissioner of Income Tax (Appeals)-18, Kolkata, ought to have held that the sources of deposits made by the Appellant, is fully explained and thus, the same cannot be said to be unexplained.*
- 3. That the Order passed by the ld. Commissioner of Income Tax(Appeals)-18, Kolkata, u/s 143(3) of the Income Tax Act, 1961, is bad in law.*
- 4. That the Appellant craves leave to submit further grounds, to amend, alter or otherwise – modify the grounds already taken, if necessary, before or at the time of hearing of the appeal.*

6. We have heard the rival submissions. We have gone through the paper book filed by the ld. AR before us comprising of various documents including the cash statement for the period 01.04.2010 to 31.03.2011 enclosed in page 4 of the paper book and cash account for the period 01.04.2009 to 31.03.2010 enclosed in page 19 of the paper book. We find from the cash account for the period 01.04.2009 to 31.03.2010 the assessee had made frequent cash withdrawals and after reducing the said cash balance with cash deposits and drawings in cash for personal expenses, the assessee was left with closing cash balance as on 31.03.2010 to the tune of Rs. 990018/-, which was carried forward to the year under appeal as opening cash balance. The assessee had deposited a sum of Rs. 2 lacs. on 26.04.2010 and the sum of Rs. 5 lacs on 28.04.2010 out of the said opening cash balance. Apart from this, the assessee had withdrawn cash frequently from his regular disclosed bank account and had subsequently deposited a sum of Rs. 3 lacs. on 25.11.2010, on which date the available cash balance of the assessee was Rs.

565018/- as per the cash statement enclosed in page 4 of the paper book. Hence, we hold that the assessee has duly explained the source for cash deposits made in the bank account. We also find that the revenue was not able to prove with material on record that frequent withdrawal of cash made by the assessee were spent for personal expenses or utilized for making certain investments so as to conclude that the said cash balance was not available with the assessee for explaining the future deposits. We also find that the Ld. CIT(A) had observed that the assessee had shown very little drawings in the sum of Rs. 103230/- which is unlikely given the status of the assessee. But we find that the revenue had not made any addition towards insufficient drawings in the hands of the assessee. We find the assessee, being a high net worth individual, is deriving salary income of Rs. 6.65 crores. Given this scenario, it is not unusual on his part to hold cash balance of Rs. 10 lacs at any point in time at his custody. Hence, we hold that the cash deposits made in the bank account stands duly explained by the assessee and there is absolutely no case made out by the revenue for sustaining the said addition. Accordingly, grounds raised by the assessee are allowed.

7. In the result, the appeal of the assessee is allowed.

**Order pronounced in the Court on 21.03.2018**

Sd/-  
[A.T. Varkey]  
Judicial Member

Sd/-  
[ M.Balaganesh ]  
Accountant Member

Dated : 21.03.2018

SB, Sr. PS

Copy of the order forwarded to:

1. Anant Veer Jalan, 2901/02, "C" Wing, Raheja Atlantis, Ganpatrao Kadam Marg, Mumbai-400018
2. ACIT, Range-22, Kolkata
3. C.I.T(A)- , Kolkata
4. C.I.T.- Kolkata.
5. CIT(DR), Kolkata Benches, Kolkata.

True copy

By Order

Senior Private Secretary  
Head of Office/D.D.O., ITAT, Kolkata Benches