



**IN THE INCOME TAX APPELLATE TRIBUNAL,  
CUTTACK BENCH, CUTTACK**

**BEFORE S/SHRI N.S SAINI, ACCOUNTANT MEMBER  
AND PAVAN KUMAR GADALE, JUDICIAL MEMBER**

**ITA No. 339/CTK/2017**  
Assessment Year : 2011-2012

Subrat Kumar Satpathy, At:Plot No.183/6, Gajapati Nagar, near Press Chhak, Bhubaneswar.	Vs.	ACIT, Circle -2(2), Bhubaneswar
PAN/GIR No.ALMP5 6463 Q		
<b>(Appellant)</b>	..	<b>( Respondent)</b>

Assessee by : Shri P.K.Mishra, AR  
Revenue by : Shri A. Tigga, DR

**Date of Hearing : 26/04/ 2018**  
**Date of Pronouncement : 26 /04/ 2018**

**ORDER**

**Per N.S.Saini, AM**

This is an appeal filed by the assessee against the order of the CIT(A)- 2, Bhubaneswar dated 7.6.2017 for the assessment year 2011-2012.

2. The sole issue involved in this appeal is that the CIT(A) erred in confirming the addition of Rs.21,43,367/- made by the Assessing Officer as income from undisclosed sources.

3. The brief facts of the case are that the assessee is an individual and derives income from salary and interest. He is the Managing Director of Om Shree Logistic Pvt Ltd., and partner in partnership firms, namely, M/s. Om Logistic Exports, M/s. A.B. Commercial and M/s. Noble Housing



Infrastructure and filed the return of income on 1.10.2011 declaring total income of Rs.28,54,624/-. During the course of assessment proceedings, the Assessing Officer found that the assessee maintains three bank accounts' viz; (1) Karnatak Bank A/c No.1082500100002501, 2) HDFC Bank A/c No.10801930000295 and 3) Axis Bank A/c No.024010100359085 and deposits (cash as well as cheque/draft) in three bank accounts of the assessee are Rs.1,64,06,107/-. The Assessing Officer required the assessee to reconcile the deposits made in three bank accounts with source of income. The assessee could not explain the source of deposits of Rs.1,42,62,740/- and could not explain the source of deposit of Rs.21,43,367/-. Therefore, the Assessing Officer made an addition of Rs.21,43,367/-.

4. Before the CIT(A), the assessee submitted that the total deposits in three bank accounts are of Rs.2,01,14,979/-. The explanations of the assessee regarding the source of deposits before the CIT (A) are that the Assessing Officer has ignored the following deposits in the banks while making additions:

i)	Loan received from Karnataka Bank of	- Rs. 33,60,000/-
ii)	Loan received from D.K.Mohapatra	- Rs. 2,00,000/-
iii)	Loan received from Suravi Ventures	- Rs. 5,00,000/-
iv)	Maturity claim of Birla M.F.	- Rs. 4,13,327.50
v)	HDFC M.F. maturity claim	- Rs. 2,91,766.01
vi)	Reliance M.F.Maturity claim	- Rs. 62,906.34
vii)	Sundram BNPP Maturity claim	- Rs. 15,859.85
viii)	UTI Mutual Fund claim	- Rs. 50,154/-
ix)	Int. received from Axis Bank	- Rs. 13,613/-
x)	Kotak MF Maturity claim	- Rs. 19,046/-
xi)	Birla Sun Life Maturity claim	- Rs. 46,665.59



xii) Max New work Life - Rs. 5,018.37

5. The CIT(A) observed that the assessee could not reconcile the deposits in bank of Rs.2,01,14,979/- with computation of assessee's income with supporting evidence. Therefore, the CIT(A) confirmed the action of the Assessing Officer.

6. We have heard the rival submissions, perused the orders of lower authorities and materials available on record. In the instant case, the Assessing Officer found that out of deposits of Rs.1,64,06,107/- in the three bank accounts, the assessee could explain the source of deposit of Rs.1,42,62,740/- only. Thus, he observed that the assessee could not explain the source of Rs.21,43,367/-. He, therefore, added the same to the income of the assessee.

7. On appeal, the CIT(A) confirmed the action of the Assessing Officer.

8. Before us, the assessee explained that the following source of deposits were not taken into consideration by the lower authorities:

<u>Source</u>	<u>Amount</u>
"i) Loan received from Karnataka Bank of	- Rs.33,60,000/-
ii) Loan received from D.K.Mohapatra	- Rs. 2,00,000/-
iii) Loan received from Suravi Ventures	- Rs. 5,00,000/-
iv) Maturity claim of Birla M.F.	- Rs.4,13,327.50
v) HDFC M.F. maturity claim	- Rs.2,91,766.01
vi) Reliance M.F.Maturity claim	- Rs. 62,906.34
vii) Sundram BNPP Maturity claim	- Rs. 15,859.85
viii) UTI Mutual Fund claim	- Rs. 50,154/-
ix) Int. received from Axis Bank	- Rs. 13,613/-
x) Kotak MF Maturity claim	- Rs. 19,046/-



xi) Birla Sun Life Maturity claim	- Rs. 46,665.59
xii) Max New work Life	- Rs. <u>5,018.37</u>
	Rs.49,78,356.66

9. The assessee also submitted that the fund flow statement duly disclosing the source of funds available with the assessee out of which deposit in three bank accounts was made was submitted before the lower authorities.

10. We find that no specific defect in the fund flow statement submitted by the assessee could be pointed by the lower authorities. Further, the sources which have been claimed before us by the assessee needs verification for being accepted. In the circumstances, in our considered view, it shall be in the interest of justice to restore the issue back to the file of the Assessing Officer for adjudication afresh after proper verification. Needless to mention that the Assessing Officer shall allow proper opportunity of hearing to the assessee before adjudicating the issue afresh. Therefore, the orders of lower authorities are set aside with the above directions.

11. In the result, appeal filed by the assessee is allowed for statistical purposes.

Order pronounced on 26/04/2018.

Sd/-

**(Pavan Kumar Gadale)**  
**JUDICIALMEMBER**

sd/-

**(N.S Saini)**  
**ACCOUNTANT MEMBER**

Cuttack; Dated 26 /04/2018  
B.K.Parida, SPS

**Copy of the Order forwarded to :**

1. The Appellant : Subrat Kumar Satpathy,  
At:Plot No.183/6, Gajapati Nagar, near  
Press Chhak, Bhubaneswar
2. The Respondent. ACIT, Circle -2(2),  
Bhubaneswar
3. The CIT(A)-2, Bhubaneswar
4. Pr.CIT-2, Bhubaneswar
5. DR, ITAT, Cuttack
6. Guard file.  
//True Copy//

BY ORDER,

SR.PRIVATE SECRETARY  
**ITAT, Cuttack**