

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“SMC” “C”BENCH: BANGALORE**

**BEFORE SHRI B. R. BASKARAN, ACCOUNTANT MEMBER**

ITA No.472/Bang/2021
Assessment Year: 2017-18

Sri Anjanappa Chikkanna (HUF) No.1085, 12 <sup>th</sup> Main, 2 <sup>nd</sup> Stage Mahalakshampuram Bengaluru 560 086  <b>PAN NO :AAGHA6596P</b>	<b>Vs.</b>	ITO Ward-6(2)(2) Bangalore
<b>APPELLANT</b>		<b>RESPONDENT</b>

<b>Appellant by</b>	:	Shri Chytanya V. Mudrabetu, A.R.
<b>Respondent by</b>	:	Shri Ganesh R. Ghale, Standing counsel for Dept.

<b>Date of Hearing</b>	:	06.04.2022
<b>Date of Pronouncement</b>	:	06.04.2022

**O R D E R**

**PER B.R. BASKARAN, ACCOUNTANT MEMBER:**

The assessee has filed this appeal challenging the order dated 27.7.2021 passed by Ld. CIT(A), National Faceless Appeal Centre, Delhi and it relates to the assessment year 2017-18. The assessee is aggrieved by the decision of Ld. CIT(A) in confirming the addition of Rs.8,04,000/- and Rs.5,70,000/- relating to deposits made in the bank accounts.

2. The assessee is a Hindu Undivided Family and it filed its return of income for the year under consideration declaring a total income of Rs.7,84,080/-. The A.O. noticed that the assessee has deposited demonetized notes in the bank accounts. As per the

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information available with the A.O., the assessee was having following bank accounts with Punjab National Bank:-

a) A/c No.3925000100009454

b) A/c No.3925000100009463

The assessee had deposited Rs.8 lakhs in SB account ending with the No.9463 and Rs.8,04,000/- in the bank account with account number ending with 9454.

3. Before the A.O., the assessee confirmed that it is having only one bank account, viz., bank account ending with No.9463 only. In the absence of proper explanation with regard to other bank account, the A.O. assessed the deposit of Rs.8,04,000/- made in the bank account ending with No.9454. With regard to the deposit of Rs.8,00,000/- made in the bank account ending with No.9463, the A.O. accepted sources to the extent of Rs.2,30,000/- only, which was the amounts withdrawn from the said bank account between September, 2016 and 8<sup>th</sup> November, 2016. Accordingly, he assessed the balance amount of Rs.5,70,000/-. The Ld. CIT(A) confirmed both the additions.

4. The Ld. A.R. submitted that the assessee HUF is having only one bank account with account ending with No.9463. It was ascertained from the bank that the other bank account with the account ending with No.9454 belongs to the individual status of Shri Anjanappa Chikkanna. Further PAN belonging to the individual is linked to the said bank account. The Ld. A.R. submitted that the assessee has obtained a bank confirmation letter in this regard and furnished the same before Ld. CIT(A). However, the Ld. CIT(A) has expressed the view that the assessee would be liable to offer explanations for sources of deposits made in

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the bank account belonging to the individual status also. The Ld. A.R. submitted that the Ld. CIT(A) was not justified in holding so.

5. With regard to the addition of Rs.5,70,000/- made by the A.O., the Ld. A.R. submitted that the assessee has prepared cash flow statement to show availability of cash balance for making the deposit of Rs.8 lakhs into the bank account. Though the assessee was having opening cash balance and also accumulated savings out of the withdrawals made from the bank account, yet the A.O. has given credit only for the withdrawals made between September, 2016 to 8<sup>th</sup> November, 2016. He submitted that the tax authorities did not take cognizance of cash flow statement furnished by the assessee.

6. The Ld. D.R., while supporting the order passed by Ld. CIT(A), submitted that the assessee has failed to discharge to explain the sources for making the deposits.

7. I heard the rival contentions and perused the record. The first issue relates to the addition of Rs.8,04,000/- made in the hands of the assessee. I notice that the assessee has furnished a bank certificate stating that the account number ending with 9454 actually belongs to individual status of the assessee whose PAN No.is AGNPA0119R. Hence, there is merit in the contention of the assessee that the said bank account does not belong to it. The Ld. CIT(A) has expressed the view that the assessee is required to explain the sources for cash deposits made by it into that account. If the assessee herein has not made the deposit into the bank account belonging to individual status, then the question of seeking explanation from the assessee should not arise. Before me, the Ld. A.R. submitted that the bank account belongs to the individual

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status of Shri Anjanappa Chikkanna only and he is the right person to explain the sources relating to the said deposit. He further submitted that Shri Anjanappa Chikkanna has since expired.

8. I notice that there is no material available with the AO to prove that the deposit of Rs.8,04,000/- made in the bank account belong to the individual deposit was actually made by the assessee herein. Accordingly, in the absence of any such material, I am of the view that the addition of Rs.8,04,000/- made by the A.O. cannot be sustained. The explanation with regard to the sources for making deposit of above said amount is required to be obtained from the owner of bank account. Accordingly, I set aside the order passed by Ld. CIT(A) on this issue and direct the A.O. to delete the addition of Rs.8,04,000/-.

9. With regard to second issue of addition of Rs.5,70,000/-, I notice that the tax authorities have not examined the cash flow statement furnished by the assessee. The Ld. A.R. brought to my attention that the assessee is deriving rental income through his bank account and the same is withdrawn every month. Accordingly, he submitted that the assessee has accumulated cash savings from out of such withdrawals. Further, the assessee was also having opening cash balance on hand. Accordingly, the assessee has used the opening cash balance as well as savings made during the course of the year for making the deposit of Rs.8 lakhs into the bank. I notice that this explanation of the assessee has not been considered by the A.O. Accordingly, I am of the view that this issue requires fresh examination at the end of the A.O. Accordingly, I set aside the order passed by the Ld. CIT(A) on this issue and direct the A.O. to examine it afresh after considering the cash flow statement, information and explanations of the assessee.

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After affording adequate opportunity of hearing to the assessee, the A.O. may take appropriate decision in accordance with law.

9. In the result, the appeal filed by the assessee is treated as partly allowed.

Order pronounced in the open court on 6<sup>th</sup> Apr, 2022

**Sd/-**  
**(B.R. Baskaran)**  
**Accountant Member**

Bangalore,  
Dated 6<sup>th</sup> Apr, 2022.  
VG/SPS

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

**Asst. Registrar,**  
**ITAT, Bangalore.**