

**आयकर अपीलीय अधिकरण 'सी' न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'C' BENCH, CHENNAI**

**माननीय श्री महावीर सिंह, उपाध्यक्ष एवं**  
**माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।**  
**BEFORE HON'BLE SHRI MAHAVIR SINGH, VICE PRESIDENT AND**  
**HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**

आयकर अपील सं./ ITA No. 2587/Chny/2018  
(निर्धारण वर्ष / Assessment Year: 2016-17)

<b>Shri. Narotham G. Reddy</b> Victor Grace & Co. Spencer Plaza, O-704, 769, Anna Salai, Chennai – 600 002.	<b>बनाम/ Vs.</b>	<b>ACIT</b> Central Circle 3(1), Chennai.
स्थायी लेखा सं./जीआइ आर सं./PAN/GIR No. AADPR-7035-B		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थी की ओरसे/ <b>Appellant by</b>	:	Shri. Abhishek Murali (CA) – Ld. AR
प्रत्यर्थी की ओरसे/ <b>Respondent by</b>	:	Shri. M. Rajan (CIT) – Ld. DR

सुनवाई की तारीख/ <b>Date of Hearing</b>	:	05-04-2022
घोषणा की तारीख / <b>Date of Pronouncement</b>	:	05-04-2022

**आदेश / ORDER**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2016-17 arises out of the order of learned Commissioner of Income Tax (Appeals)-5, Chennai [CIT(A)] dated 10-07-2018 in the matter of assessment framed by the Ld. Assessing Officer [AO] u/s. 143(3) r.w.s. 153B(1)(b) of the Act dated 29-12-2017. The sole issue in the appeal is addition on account of unexplained jewellery.

2. The Ld. AR relied on CBDT Circular No.1916 dated 11-05-1994 to support the submissions. The Ld. DR, on the other hand, submitted that applicable relief has already been granted by the lower authorities. Having heard rival submissions, our adjudication would be as under.

3. The assessee worked with M/s Apollo Group and was subjected to search action u/s 132 on 29-12-2017. During search operations, the jewellery belonging to the assessee and his family members was found. The jewellery weighed 2061.600 Grams which was valued at Rs.61.74 Lacs. In reply to question no. 5 of the statement, the assessee submitted that the jewellery belonged to assessee and his family. The family consists of his wife, mother, daughter and son. Some of the jewellery was stated to be received during wedding and some of the jewellery was stated to be purchased out of savings. It was also stated that few jewels were received from relatives as gifts during some important occasions. In reply to question no.6, the assessee agreed to offer excess jewellery for taxation beyond exempted limit.

4. During assessment proceedings, the assessee filed affidavit from his mother and wife who owned up jewellery weighing 503.30 grams each. The same was accepted by Ld. AO. The assessee stated that 611 grams of jewellery belonged to his sister and sister-in-law. However, this explanation was not accepted by Ld. AO. Finally, jewellery weighing 1055 grams valued at Rs.25.79 Lacs was held to be unexplained investment u/s 69A which was added to assessee's income. The stand of Ld. AO, upon confirmation by Ld. CIT(A), is in further challenge before us.

5. Upon careful consideration of factual matrix, it could be seen that in the recorded statement, the assessee had submitted that the jewellery

belonged to assessee and his family. The family consists of his wife, mother, daughter and son. Some of the jewellery was stated to be received during wedding and some of the jewellery was stated to be purchased out of savings. It was also stated that few jewels were received from relatives as gifts during some important occasions. However, upon perusal of assessment order, we find that Ld. AO has granted concession only for the jewellery owned up by the assessee's mother and wife but declined to grant concession for jewellery held by other family members. Even as per cited CBDT circular, the jewellery, to the following extent, need not be seized and the same could be deemed to be a reasonable quantity which a family could possess: -

<b>No.</b>	<b>Family Member</b>	<b>Qty.</b>
1.	Mrs. Leelavathamma – Mother	500 Grams
2.	Mrs. Chandrika – Wife	500 Grams
3.	Ms. Shreya Reddy – Daughter (Unmarried)	250 Grams
4.	Master Anish Reddy – Son	100 Grams
5.	Assessee himself	100 Grams
	<b>Total</b>	<b>1450 Grams</b>

The same is further fortified by the fact that the returned income of the assessee for various earlier years was as follows: -

<b>No.</b>	<b>Assessment Year</b>	<b>Gross Total Income</b>
1	2010-11	30,46,540
2	2011-12	33,90,716
3	2012-13	41,67,018
4	2013-14	52,62,704
5	2014-15	72,60,882
6	2015-16	81,27,135
7	2016-17	97,10,529

Therefore, the jewellery to the extent of 1450 Grams could be considered as explained jewellery. The submissions of Ld. AR that

some jewellery belonged to sister and sister-in-law could not be accepted since the same run contrary to the statement given by the assessee and also there is nothing on record which would show that those family members kept their jewellery with the assessee. Accordingly, Ld. AO is directed to restrict the impugned additions to the extent of value of balance jewellery of 611.60 Grams.

6. The appeal stands partly allowed.

Order pronounced on 05<sup>th</sup> April, 2022.

Sd/-  
(MAHAVIR SINGH)  
उपाध्यक्ष /VICE PRESIDENT

Sd/-  
(MANOJ KUMAR AGGARWAL)  
लेखा सदस्य / ACCOUNTANT MEMBER

चेन्नई / Chennai; दिनांक / Dated : 05-04-2022

*JPV*

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त (अपील)/CIT(A)
4. आयकर आयुक्त/CIT
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF