

**IN THE INCOME TAX APPELLATE TRIBUNAL
BENGALURU SMC “B” BENCH, BENGALURU**

Before Shri B.R. Baskaran, Accountant Member

ITA No. 711/Bang/2021
(Assessment Year: 2017-18)

Jantakal Veerabhadrappa
D. No. 12/129, 1st Floor
Unki Shiva Kumar House
1st Link, 2nd Main,
Basaveshwara Nagar
Ballari 583101

The Income Tax Officer
Ward -2
Aayakar Bhavan
Ballari 583103

Vs.

PAN – AFGPU5917A

Appellant

Respondent

Appellant by: Shri B.S. Balchandran
Respondent by: Shri Ganesh R. Ghale

Date of Hearing: 25.05.2022
Date of Pronouncement: 25.05.2022

ORDER

Per: B.R. Baskaran, Accountant Member:

The assessee has filed this appeal challenging the order dated 29.09.2021 passed by the National Faceless Appeal Centre (NFAC), Delhi and it relates to AY 2017-18.

2. The assessee is aggrieved by the decision of the learned CIT(A) in confirming the addition of Rs.11,74,000/- made by the AO under Section 68 of the Income Tax Act, 1961.

3. The facts relating to the issue are that the assessee is doing textile business. He filed his return of income for the year under consideration declaring a total income of Rs.4,22,590/- It was noticed by the AO that the assessee has deposited Rs.11,74,000/- into four bank accounts during the period of demonetisation. Hence the AO asked the assessee to explain the sources for making the above said deposit. Since there was no response from the assessee, the AO assessed the above said sum of Rs.11,74,000/-

in the hands of the assessee as unexplained deposit under Section 68 of the Act.

4. Before the learned CIT(A) the assessee submitted in the grounds of appeal that he has withdrawn a sum of Rs.16,00,000/- during the period from 10.08.2016 to 07.10.2016 and the said withdrawal has been redeposited after the announcement of demonetisation. Accordingly it was submitted that the sources of deposit of Rs.11,74,000/- would stand explained. In his order, the Ld CIT(A) has however stated that the assessee has submitted that the sources of deposits was his business receipts and the assessee could not substantiate the said explanation. Accordingly, the learned CIT(A) confirmed the addition.

5. The learned A.R. appearing for the assessee submitted that the assessee has explained the sources of deposit in the grounds of appeal filed before the learned CIT(A), but the Ld CIT(A), without looking into the same, has dismissed the appeal of the assessee by giving different reasons. The learned A.R. submitted that the copies of bank statements were also given to Ld CIT(A). The Ld A.R invited my attention to the copies of bank statements in order to show the assessee has withdrawn a sum of Rs.16,00,000/- in aggregate from his bank account during the period from 10.08.2016 to 07.10.2016. The learned A.R. submitted that there is not much time gap between the dates of withdrawal and the dates of deposit and hence the explanation of the assessee should be accepted.

6. The learned D.R., on the contrary, submitted that the assessee has not appeared before the AO and he has explained the sources of deposit as business receipts before the CIT(A) without furnishing any corroborating evidences. Accordingly he submitted that the order passed by the learned CIT(A) does not call for any interference.

7. I have heard the rival contentions and perused the record. As submitted by the learned A,R., I noticed that the assessee has explained the details of the withdrawal of cash from his bank accounts in ground No.

4 of the Grounds of appeal filed before the learned CIT(A). The said ground No. 4 is extracted below: -

“4. The Ld. AO has all bank statements before him to do best judgment assessment and hence ought to have considered the cash drawings (listed below) made from bank just 2 to 3 months before the date of deposit. By not doing so, the assessment order is void and is liable to be cancelled.

<i>Date of Cash drawing from bank</i>	<i>Bank Name and A/c No.</i>	<i>Amount withdrawn in Rs.</i>
20.09.2016	SBI A/c No. 10768694285	5,00,000
07.10.2016	SBI A/c No. 10768694285	5,00,000
10.08.2016	Corporation Bank A/c No. SB/01/004959	3,00,000
12.08.2016	Corporation Bank A/c No. SB/01/004959	3,00,000
	<i>Total</i>	16,00,000

The material available with the Ld AO is self explanatory source for deposit of Rs.11,74,000/- cash into bank.

8. Before me the learned A.R. also furnished copies of the bank accounts to substantiate the withdrawals of cash shown in the above said table. I notice that the assessee has withdrawn cash cited in the above said table from his bank accounts on the dates mentioned against each of the amount. Admittedly the average time gap between the dates of withdrawal and the dates of deposit of demonetised currency is around three months. I notice that there is no evidence to show that the assessee has spent away the above said amount withdrawn from the bank. Hence, in my view, the explanations given by the assessee may be accepted and accordingly I am of the view that the deposit of Rs.11,74,000/- has been made by the assessee out of the cash withdrawals made on earlier occasion from the bank. Accordingly, the sources of deposits stand explained. Accordingly I am of the view that the addition of Rs.11,74,000/- is not called for in the hands of the assessee. Accordingly I set aside the order passed by the learned CIT(A) and direct the AO to delete the addition of Rs.11,74,000/-.

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

Dictated and pronounced in the open Court on 25th May, 2022.

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

Bengaluru, Dated: 25th May, 2022

Copy to:

1. *The Appellant*
2. *The Respondent*
3. *The CIT(A) -NFAC, Delhi*
4. *The Pr.CIT - Cncerned*
5. *The DR, ITAT, Bengaluru*
6. *Guard File*

By Order

//True Copy//

*Assistant Registrar
ITAT, Bengaluru*

n.p.