

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad SMC Bench, Hyderabad**

**Before Shri R. K. PANDA, ACCOUNTANT MEMBER**

ITA No.138/Hyd/2022		
Assessment Year: 2017-18		
Sri Narsimha Reddy Pindi, Hyderabad PAN:AUFPP1689K	Vs.	Income Tax Officer Ward 9(3) Hyderabad
(Appellant)		(Respondent)
Assessee by:	Smt. S. Sandhya	
Revenue by:	Sri Waseem Ur Rehman,DR	
Date of hearing:	15/06/2022	
Date of pronouncement:	22/06/2022	

**ORDER**

This appeal filed by the assessee is directed against the order dated 11/3/2022 passed by NFAC Delhi relating to the A.Y 2017-18.

2. Although a number of grounds have been raised by the assessee, however, these all relate to the addition of Rs.4,04,500/- made by the Assessing Officer and sustained by the learned CIT (A) being the addition on account of cash deposit in the Bank A/c during the demonetization period.

3. Facts of the case, in brief, are that the assessee is an individual and partner in M/s. Pindi Pula Reddy Gardens and derives income from share of profit, house property income and agricultural income. During the impugned A.Y, the assessee filed its return of income on 16.2.2018 declaring net taxable income of

Rs.4,42,790/-. The case was selected for scrutiny. During the course of assessment proceedings, the Assessing Officer asked the assessee to explain the cash deposit of Rs.2,04,500/- and Rs.2,00,000/- deposited in The Bhavana Rishi Cooperative Urban Bank Ltd vide A/c Nos.1001005005325 and 410901011000986 respectively. The assessee submitted that he has excess cash in hand which was given as loan without charging interest to his friends and relatives. During the demonetization period all those people handed over the amounts given to them which was redeposited by the assessee in the Bank A/cs. However, the Assessing Officer was not satisfied with the explanation given by the assessee in the absence of details of persons to whom such loans were given with their confirmations. He therefore, treated the cash deposited during the demonetization period amounting to Rs.4,04,500/- as unexplained money and added the same to the total income of the assessee u/s 69A r.w.s. 115BBE of the I.T. Act.

3. Before the NFAC, the assessee submitted that the assessee has rental income and agricultural income to the tune of Rs.6,44,000/- till 31/12/2016 which itself was enough for being deposited in the Bank A/c. Further, the assessee had substantial income in the earlier A.Ys and substantial savings which was available for being deposited in the Bank Accounts.

3.1 However, the learned CIT (A) was not satisfied with the arguments advanced by the assessee and upheld the addition made by the Assessing Officer by observing as under:

*“ 7.3 a) The facts outlined in Para 7.2 above show that Appellant has changed his stance to explain the source of cash deposits. Before the AO it was stated that he received back interest free cash loans given to friends and relatives during demonetization period and same*

*was deposited in his bank a/c's. In Appellate proceedings it was stated that these cash deposits are out of his savings, income from earlier AYs. Income from AY under consideration till 31.12.2016.*

*b) On one hand the Appellant has not given any names, addresses or confirmations from friends and relatives to prove the genuineness of claim made.*

*c) The Appellant has Not filed any cash flow statement or copy of cash book etc. to prove that these cash deposits are out of his savings or from Income earned in earlier AY's or Income earned during the present AY till 31.12.2016. Such a general observation cannot be held to be an explanation regarding source of cash deposits.*

*d) Appellant has not been able to provide any documentary evidence either before the AO or undersigned to support the claims made by him.*

*e) The above facts show that explanation furnished by Appellant before Assessing Officer and undersigned are just an afterthought to cover up the cash deposits made in the two bank A/c's appellant. They appear to be a bad claim made by appellant.*

*f) In view of the above facts the addition of Rs.4,04,500/- made by the Assessing Officer u/s 115BBE of the Act is sustainable and is hereby upheld. Ground of Appeal No.2 is dismissed”.*

4. Aggrieved with such order of the CIT (A), the assessee is in appeal before the Tribunal.

5. The learned Counsel for the assessee submitted that the assessee derives income from house property and had substantial past savings. Referring to the computation of income, copy of which is placed at page 1 to 5 of the Paper Book, she submitted that the assessee derives gross rent of Rs.6,72,000/- as income from house property and pays house tax of approximately Rs.73,000/-. Similarly the assessee also derives income from agriculture and for the impugned A.Y, the assessee has shown agricultural income of Rs.1,40,000/-. The assessee was having agricultural income and income from house property

since last so many years and the amount of Rs.4,04,500/- is not huge so as to disbelieve the past savings which was deposited in the Bank A/c. She accordingly submitted that the order of the NFAC be set aside and the grounds raised by the assessee be allowed.

6. The learned DR, on the other hand, heavily relied on the order of the Assessing Officer and the NFAC.

7. I have heard the rival arguments made by both sides, perused the orders of the Assessing Officer and the NFAC and the paper book filed on behalf of the assessee. I find the Assessing Officer in the instant case made addition of Rs.4,04,500/- u/s 69A rws 115BBE of the I.T. Act on the ground that the assessee could not substantiate with evidence to his satisfaction regarding the source of cash deposit during the demonetization period. I find the learned NFAC upheld the action of the Assessing Officer the reasons of which are already reproduced in the preceding paragraphs. It is the submission of the learned Counsel for the assessee that the assessee derives income from house property and agricultural income since so many years and the amount of Rs.4,04,500/- deposited in the Bank A/c is out of the past savings.

8. I find some force in the above arguments of the learned Counsel for the assessee . There is no dispute to the fact that the assessee is deriving rental income from two house properties situated at H.No.8-3-35/1 Bairamalguda Sagar Road, Pindipullareddy Colony, Hyderabad and H.No.7-1-173 Bairamalguda (V) Bairamalguda Sagar Road LB Nagar Hyderabad

amounting to Rs.6,72,000 per year. Similarly, the Assessing Officer has also not disputed the agricultural land held by the assessee where he mentions that “it is true that the assessee is in possession of agricultural land”. However, the Assessing Officer disbelieved the agricultural income of Rs.1,40,000/- on the ground that the assessee could not produce any evidence regarding the income earned on the said lands, details of expenses for agricultural activities and quantum and type of agricultural produce sold, details of parties/concerns to whom such vegetables, fruits and seasonal crops etc., were sold. Therefore, if not the whole amount but some agricultural income should be available to the assessee. Further, it is common practice that certain amount is kept at house for any emergency and the amount involved here is not so huge. Considering the totality of the facts of the case, I am of the considered opinion that the assessee was having the source to explain the deposit of Rs.4,04,500/- during the demonetization period from his past savings, i.e. house rent and agricultural income. Therefore, the order of the learned CIT (A) is set aside and the grounds raised by the assessee are allowed.

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

Order pronounced in the Open Court on 22<sup>nd</sup> June, 2022.

**Sd/-**

**(R. K. PANDA)**  
**ACCOUNTANT MEMBER**

Hyderabad, dated 22<sup>nd</sup> June, 2022.

***Vinodan/sps***

Copy to:

S.No	Addresses
1	Sri Narsimha Reddy Pindi, H.No.7-1-36 Bairamalguda, Old Village, Bairamalguda, LB Nagar, Hyderabad 500074
2	Income Tax Officer Ward 9(3) Hyderabad
3	CIT (A)-NFAC, IT Deptt. Delhi
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*