

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'SMC', NEW DELHI**

**Dr. B. R. R. Kumar, Accountant Member**

**ITA No. 1499/Del/2022: Asstt. Year: 2017-18**

Dheeraj Singh Bharana, C-146, First Floor, Sarvodya Enclave, New Delhi 0110017	Vs	ACIT, Central Circle-17, New Delhi
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>
<b>PAN No. AJHPB9565K</b>		

**Assessee by : Sh. Chinu Bhasin, CA  
Revenue by : Sh. Om Parkash, Sr. DR**

<b>Date of Hearing: 06.10.2022</b>	<b>Date of Pronouncement: 18.10.2022</b>
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**ORDER**

1. The present appeal has been filed by the Assessee against the order of the Id. CIT(A)-27, New Delhi dated 30.05.2022.

2. The assessee raised the following grounds have been raised by the assessee:

*"1. That the order passed by the Ld Cit Appeal confirming the addition made by the Assessing Officer is contrary to the facts, bad in law and must be quashed.*

*2. That having regard to the facts and circumstances of the case, Ld CIT appeal has erred in law and on the facts in confirming addition of Rs. 12,25,000/- u/s 69A of I.T Act on account of unexplained cash deposit related to demonetization treating them as non-genuine is arbitrary, capricious, unwarranted and must be quashed.*

*3. That the action of Ld. CIT Appeal in confirming addition of Rs. 12,25,000/- on account of ignorance of applicable CBDT circular related to demonetization is arbitrary, capricious, unwarranted and must be quashed.*

*4. That the action of Ld. CIT Appeal in confirming addition of Rs. 12,25,000/- on account of ignorance of*

*cash book of the assessee is arbitrary, capricious, unwarranted and must be quashed.*

*5. That the action of Ld. CIT Appeal in confirming addition of Rs. 12,25,000/- on account of ignorance of assessee source of income, past savings and withdrawals including demonetization is arbitrary, capricious, unwarranted and must be quashed.”*

3. The Assessee is a full time agriculturist and that is his sole business to earn his livelihood. He earns income out of sale of agriculture products like staples and other agriculture products. During the year under consideration, the assessee sold agricultural produce of vegetables from which he received income in cash. Furthermore, there was compulsory acquisition of land situated at Meerut by the Government for which the assessee received INR 52,50,065/-. Since both the above income were purportedly exempt from tax assessee has not filed his return of income.

4. The case of the Assessee was chosen for limited scrutiny with reason “Large value of cash deposits during demonetisation period as compared to Retuned Income” and notice was issued under section 142(1) of the Income Tax Act 1961 stating the reasons as cash deposit during demonetisation period (i.e. from 08-11-2016 to 30- 12-2016). Further, requisition u/s 133(6) was made from Punjab National Bank for of bank statements. Before the AO, during the assessment proceedings, the assessee submitted sales invoices for agricultural produce and land records from the Government Department to substantiate that the cash deposited is from agricultural income.

5. The AO made addition of Rs. 68,92,500/- on account of cash deposit in the bank account of the Assessee. The ld CIT(A) after examining the entire bank deposits, restricted the addition to the tune of Rs. 1,22,500/- being the cash deposited during the demonetization period.

6. Aggrieved the Assessee filed appeal before us.

7. During the arguments it was submitted that the ld CIT(A) has narrowly interpreted the entire cash deposits and while accepting the

cash deposits of Rs. 5667500/- as genuine, the only an amount of Rs. 12 lakhs has been treated as unexplained that to solely based on the period of demonetization. It was argued that while the business of the Assessee continued same during the entire year and even after post demonetization the Id CIT(A) has confirmed the amount deposited on 08.12.2016 and 07.12.2016.

8. The Id DR argued that the Assessee could not prove the sources of the fund and unaccounted cash has been deposited during the demonetization period and hence, it has been rightly taxed u/s 69A of the Act.

9. We have gone through the entire gamut of the issue. The bank statements has been duly perused which are as under:-

10. The entire bank statement shows cash withdrawals and cash deposits at a regular intervals right from 04.04.2015 to 16.02.2016. Similarly from 01.04.2016 to 20.11.2016 post demonetization period, the operation of the Assessee can be proved to be the same. We have also examined the bank statement from 31.12.2016 to 31.03.2017 and also from 01.04.2017 to 30.03.2018. The following facts emerged the closing cash balance for the year was of Rs. 1299500/-. The deposits being Rs. 2223500/- and the withdrawals being Rs. 3523000/-. The cash balance as it Rs. 30.10.2016 was Rs. 1483000/- whereas, the deposits were to the tune of Rs. 468500/- and the withdrawals being Rs. 452000/-. We have also examined the cash position from 25.01.2017 to 31.03.2017 the cash deposits for the period were Nil, withdrawals were to the tune of Rs. 250000/- and the cash balance being Rs. 508000/-. We have gone further and examined the bank statements from 01.04.2017 to 31.03.2018 and find that the closing balance of the cash was to the tune of Rs. 1100000/-, the deposits were of Rs. 363000/- and withdrawals to the tune of Rs. 955000/-. The data can be summarized as under:-

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11. From the complete events we find that the ld CIT(A) having examined the entire pattern of deposits and withdrawals and accepted the deposits of Rs. 56,67,500/- disregarding that the similar pattern can be seen on 02.12.2016 and 07.12.2016. The only reason the ld CIT(A) confirmed the addition was that the deposits were during the demonetization period whereas the entire bank statements from 01.04.2015 to 31.03.2018 shows a regular pattern of cash deposits and withdrawals owing to the fact that the Assessee is a farmer and dealing with the agriculture products as demonstrated by the financial affairs for the entire period mentioned above. Hence, we hereby delete the addition of Rs. 1225000/- made by the revenue authorities.

12.

Order Pronounced in the Open Court on 18/10/2022.

Sd/-

**(Dr. B. R. R. Kumar)**  
**Accountant Member**

**Dated: 18/10/2022**

**\*Ajay Kumar Keot, Sr. PS\***

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR**