

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES “SMC”, HYDERABAD**

BEFORE SHRI LALIET KUMAR, JUDICIAL MEMBER

ITA No.578/Hyd/2022		
Assessment Year: 2017-18		
Chandra Shekar, Hyderabad. PAN : AHKPM1276B.	Vs.	The Income Tax Officer, Ward 11(3), Hyderabad.
(Appellant)		(Respondent)
Assessee by:	Shri T. Rajendra Prasad.	
Revenue by:	Shri B. Ravinder.	
Date of hearing:	14.11.2022	
Date of pronouncement:	14.11.2022	

ORDER

Per Laliet Kumar, J.M.

The appeal of the assessee for A.Y 2017-18 arises from the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi's order dated 05.09.2022 involving proceedings under section 143(3) of Income Tax Act, 1961 (in short, "the Act").

2. Though the assessee has raised as many as eight grounds, but the solitary ground is with respect to addition of Rs.8,01,200/- u/s 69A of the Act.

3. The brief facts of the case are that assessee is an individual, who filed his return of income for the assessment year 2017-18 on 12.10.2017 admitting an income of Rs.5,52,230/-. The case was selected for limited scrutiny under CASS to examine and verify "large cash deposits in the bank accounts during the year" relevant to A.Y. 2017-18. Notice u/s 143(2) dt.17.08.2018 was issued online and served by email on the assessee. In response to notice u/s 142(1) of the Act, assessee replied that the total turnover of his business for F.Y. 2016-17 is Rs.7,56,13,441/- and that most of the sales are cash sales and the cash collected were deposited in bank accounts and submitted month wise cash sales and cash deposits for F.Y. 2015-16 and 2016-17.

3.1. On verification of the information submitted by the assessee, it was observed that assessee had made cash deposits of Rs.44,74,350/- during the demonetization period and he explained the source of cash deposits of Rs.14,77,500/- as accumulated cash balance and that out of the remaining amount, Rs.6,75,300/- and Rs.1,75,700/- were the savings kept for aged parents and Rs.6,26,500/- was the collected amount from debtors. Assessee produced cash book in support of his explanation for source of cash deposits of Rs.6,75,300/- but did not produce any evidence for the balance cash of Rs.1,75,700/- from savings and Rs.6,26,500/-, collected amount from debtors. In the absence of proper explanation, Rs.8,01,200/- (1,75,700/- + Rs.6,26,500/-) were

treated by the Assessing Officer as unexplained money u/s 69A of the Act and completed the assessment.

4. Feeling aggrieved with the order of AO, assessee filed an appeal before the Id.CIT(A) who dismissed the appeal of assessee.

5. Feeling aggrieved with the order of Id.CIT(A), assessee is now in appeal before us.

6. Before us, the Id.AR for the assessee drew our attention to para 5.6 to 5.8 of the order of Id.CIT(A) wherein the Id.CIT(A) had mentioned that the assessee's turnover was more than Rs.7,00,00,000/-. However, he has failed to file any evidence to show that the books of accounts of assessee were audited. It was the contention of the Id. AR that the assessee's accounts were duly audited and the report of audited accounts were already uploaded on the portal of the Revenue. The assessee had also provided the copy of the acknowledgment bearing No.180319111185331 dt.12.10.2017, which shows that the audit report of the assessee were duly uploaded in the portal of the Revenue.

6.1. It was the contention of the assessee that in disallowances upheld by the Id.CIT(A), there were two components namely, disallowances of Rs.1,75,700/- which was deposited by the assessee in savings account for his aged parents and the other component is Rs.6,26,500/- i.e. the cash collected from debtors by the assessee on account of business transactions. It was submitted

by the ld.AR that disallowance of Rs.1,75,700/- made by the lower authorities may kindly be deleted as it pertains to the savings kept for the parents by the assessee and for the remaining amount i.e., Rs.6,26,500/-, it was submitted that the finding of the ld.CIT(A) was premised on the assumption that the assessee has not get its accounts audited. It was therefore prayed that the second issue i.e., amount of Rs.6,26,500/- may kindly be remanded back to the file of ld.CIT(A) for afresh adjudication in the light of the evidence submitted by the assessee showing that the books of accounts of assessee were duly audited.

7. Per contra, the ld. DR for the Revenue had relied upon the orders passed by lower authorities.

8. I have heard the rival submissions and perused the material on record. I am of the opinion that with respect to the amount of Rs.1,75,700/-, the addition made by the Assessing Officer and ld.CIT(A) are required to be deleted as senior citizens were expected to keep such an amount for their future security as well as for medical expenses. Keeping the above said aspect, even the Board has issued a Circular after the announcement made on 08.11.2015 and had permitted the citizens to deposit the said amount in old currency notes into his or her bank accounts. Considering the above said aspects, I hereby delete the addition of Rs.1,75,700/-.

8.1. With respect to the second component i.e., Rs.6,26,500/-, since the issue has been decided by the Id.CIT(A) without considering the audited accounts of the assessee, I deem it appropriate to remand this issue of addition of Rs.6,26,500/- to the file of Id.CIT(A) with a direction decide afresh in light of the audited accounts of the assessee and other evidence, if any, as may be preferred or filed by the assessee. The assessee is directed to cooperate and provide the necessary information at the earliest. In light of the above, the appeal of the assessee is partly allowed for statistical purposes.

9. In the result, the appeal of the assessee is partly allowed for statistical purposes.

Order pronounced in the Open Court on 14th November, 2022.

Sd/-
(LALIET KUMAR)
JUDICIAL MEMBER

Hyderabad, dated 14th November, 2022.

TYNN/sps

Copy to:

S.No	Addresses
1	Chandra Shekar Morla, H.No.4-135, Fateh Nagar, Hyderabad – 500018.
2	The Income Tax Officer, Ward 11(3), Hyderabad.
3	Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi.
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order