

**IN THE INCOME TAX APPELLATE TRIBUNAL  
Hyderabad 'B' Bench, Hyderabad**

**Before Shri Rama Kanta Panda, Accountant Member  
AND  
Shri Laliet Kumar, Judicial Member**

ITA No.2041/Hyd/2017		
Assessment Year: 2007-08		
P.Siva Rama Krishna Prasad 8-3-835/36, Plot No.206 Raj Mansion Apartments Yellareddyguda, Ameerpet Hyderabad PAN : AMTPP8338H	Vs.	ITO, Ward-6(4) Hyderabad
(Appellant)		(Respondent)
Assessee by:		Shri A.Srinivas, CA
Revenue by:		Shri Kumar Aditya, Sr.AR
Date of hearing:		21.12.2022
Date of pronouncement:		27.12.2022

**ORDER**

**Per Shri Rama Kanta Panda, A.M.**

This appeal filed by the assessee is directed against the order dated 31.08.2017 of the Learned Commissioner of Income Tax (Appeals)-6, Hyderabad relating to AY 2007-08.

2. Although a number of grounds have been raised by the assessee, however, these all relate to the order of the Id.CIT(A) in confirming the addition of Rs.8 lakh and Rs.6,78,000/- respectively by the AO u/s. 69 of the I.T.Act.

3. Facts of the case, in brief, are that assessee is an individual and engaged in the business of Processing/Mechanical work. He filed his return of income on 12.05.2008 declaring total income of Rs.99,190/-. The case was selected for scrutiny under CASS and notice u/s 143(2) of the Act issued on 13.08.2019 was served on the assessee on 06.09.2009. In response to the same the AR of

the assessee appeared before the AO from time to time and filed the requisite details.

4. During the course of assessment proceedings, the AO noticed that the assessee has deposited total cash of Rs.23,18,000/- in his bank account maintained with Andhra Bank, Sanathnagar branch, Hyderabad on various dates. He, therefore asked the assessee to explain the source of such cash deposits. The assessee filed the confirmation letters from the following four parties who have given loan to the assessee.

Name	PAN Number	Amount(Rs.)
Sri. R.Ramappa	AANPR4589G	3,90,000
Sri B.Harish	No PAN produced	4,00,000
Sri Ch.Ranga Rao	ACCPC1722D	6,50,000
Sri G.V.V.Prasad	AFCPG8968E	4,00,000

5. After going through the details furnished by the assessee along with the confirmation letters, the AO accepted the amount received from Sri R.Ramappa at Rs.3,90,000/- and Shri Ch.Ranga Rao amounting to Rs.6,50,000/-. However, in absence of any satisfactory explanation given by the assessee regarding various defects in respect of Sri B.Harish and Shri G.V.V.Prasad, the AO made addition of the same by observing as under:-

*ii) **Sri B. Harish (No PAN provided):** This person states that he has advanced an amount of Rs. 4,00,000/- on 05.06.2006 from his saving account and that he is an NRI. No further details or evidence is furnished. He has further stated that his father has received the amount back from the assessee. The confirmation letter cannot alone be basis for accepting the loan. Further, the contact address is not given by this person. Therefore, this loan creditor is not accepted.*

*iv) **G.V.V. Prasad (AFCPG8968E):** This person states that he has advanced the amount on 16.05.2009 and received back the same on 29.05.2009. The PAN given by him is shown as Invalid PAN as per AST data. The date does not match as it relates to F.Y. 2009-10. No details of income and contact address is given except stating that it is given out of my his savings. The bank statement is not clear and also the transaction on which date the amount is said to be given is showing payment of ns.*

4,00,000/- by cheque to Sri. P. Rammohan Rao. Whereas, the assessee claims that he has received cash from him on the said elate. Therefore, this loan creditor is not accepted.

5. Based on the above, explanation given by the assessee for the sources for the amount of Rs. 8,40,000/- is accepted. In respect of the balance amount of Rs. 8,00,000/- for which confirmation letters are filed, the same are not satisfactorily explained by the assessee and hence, the amount of RS. 8,00,000/- is considered as unexplained investment in the hands of the assessee u/s 69 of the I.T. Act and added to the income returned.

6. Similarly, the AO made addition of Rs.6,78,000/- being the balance amount by observing as under:-

6. Besides the above, the assessee could not furnish any confirmation or evidence whatsoever till date in respect of the balance amount of RS. 6,78,000/- though more than sufficient time and opportunity was given to the assessee. The turnover and the incomes declared in the return of income are very meagre and so the same cannot also be considered as sources for the cash deposits. Therefore, as the balance amount of RSs 6,78,000/- is also not satisfactorily explained by the assessee, the same is considered as unexplained investment in the hands of the assessee u/s 69 of the I.T. Act and added to the income returned.

7. In appeal, the Id.CIT(A) dismissed the appeal filed by the assessee on the ground that assessee could not satisfactorily explain the source of such deposits for which the AO had made the addition as unexplained investments u/s. 69 of the I.T.Act, 1961.

8. Aggrieved with such order of the Id.CIT(A), the assessee is in appeal before the Tribunal by raising the following grounds of appeal

1. The order of the Appellate Commissioner is contrary to the law, facts and circumstances of the case.
  2. The Appellate Commissioner erred in confirming an addition of Rs.8,00,000/- made by the AO u/s. 69 of the Income Tax Act.
  3. The Appellate Commissioner erred in confirming an addition of Rs.6,78,000/- made by the AO u/s. 69 of the Income Tax Act.
- The Appellate Commissioner erred in ignoring the confirmations filed and concentrating on the reasons for borrowing the amounts

9. We have heard the rival arguments made by both the sides, perused the orders of the AO and Id.CIT(A) and the paper book filed on behalf of the assessee. We find the AO in the instant case made addition of Rs.14,78,000/- which consists of two amounts of Rs.4 lakh each received from Sri B.Harish and Sri G.V.V.Prasad in absence of proper explanation to explain their source and the balance amount of Rs.6,78,000/- on the ground that assessee could not substantiate with evidence to his satisfaction regarding the source of Rs.6,78,000/-. We find the Id.CIT(A) sustained the addition of Rs.14,78,000/- on the ground that the assessee failed to discharge the burden cast on him by proving the source of such deposits in the bank accounts aggregating to Rs.14,78,000/- . It is the submission of the Id.counsel for the assessee that given an opportunity, the assessee is in a position to substantiate with evidence to the satisfaction of the AO regarding the amount of Rs.4 lakh each received from Sri B.Harish and Sri G.V.V.Prasad respectively by producing them before the AO for his examination and to substantiate their creditworthiness. It is also his submission that given an opportunity, the assessee is in a position to substantiate with evidence to the satisfaction of the AO regarding the source of the balance amount of Rs.6,78,000/-. Considering the totality of the facts of the case and in the interest of justice, we deem it proper to restore the issue to the file of the AO with a direction to grant an opportunity to the assessee to produce the two loan creditors along with sufficient documentary evidence to prove their identity, creditworthiness and genuineness of the transaction. Similarly, the assessee is also hereby directed to produce necessary documents to substantiate the source of the balance Rs.6,78,000/- to the satisfaction of the AO. Needless to say, the AO shall give due opportunity of being heard to the assessee and decide the issue as per fact and law. We hold and direct accordingly. The grounds raised by the assessee are accordingly allowed for statistical purposes.

10. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the Open Court on 27<sup>th</sup> December, 2022.

Sd/- <b>(LALIET KUMAR)</b> <b>JUDICIAL MEMBER</b>	Sd/- <b>(RAMA KANTA PANDA)</b> <b>ACCOUNTANT MEMBER</b>
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Hyderabad, dated 27<sup>th</sup> December, 2022.

**Thirumalesh/sps**

Copy to:

S.No	Addresses
1	P.Siva Rama Krishna Prasad 8-3-835/36, Plot No.206 Raj Mansion Apartments Yellareddyguda, Ameerpet Hyderabad
2	ITO, Ward-6(4) Hyderabad
3	CIT(A)-6, Hyderabad
4	PCIT-6, Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*