

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH, CHENNAI**

श्री महावीर सिंह, उपाध्यक्ष एवं श्री जी. मंजुनाथ, लेखा सदस्य के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND  
SHRI G. MANJUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: **871/Chny/2022**  
निर्धारण वर्ष / Assessment Year: 2017-18

R. Raju,  
15, Geetha Nagar,  
Trichy – 620 017.

**[PAN: AUUPR-8131-K]**

(अपीलार्थी/Appellant)

Income Tax Officer,  
v. Ward -3(2),  
Tiruchirapalli – 620 015.

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri. S. Keerthirajan, CA

प्रत्यर्थी की ओर से/Respondent by

: Shri. D. Hema Bhupal. JCIT

सुनवाई की तारीख/Date of Hearing

: 09.01.2023

घोषणा की तारीख/Date of Pronouncement

: 11.01.2023

**आदेश /ORDER**

**PER G. MANJUNATHA, ACCOUNTANT MEMBER:**

This appeal filed by the assessee is directed against the order passed by the learned CIT(A), National Faceless Appeal Centre (NFAC), Delhi, dated 02.09.2022 and pertains to assessment year 2017-18.

2. The brief facts of the case are that, the assessee is an individual, filed his return of income for the assessment year 2017-18 on 01.08.2017, admitting total income of Rs.

5,12,000/-. The case was selected for limited scrutiny under CASS to verify large value cash deposits during the demonetization period as compared to returned income. During the course of assessment proceedings, the assessee explained before the AO, that source for cash deposits is out of maturity proceeds of fixed deposits in SBI, and also amount withdrawn out of maturity proceeds of insurance policy. The assessee had explained that the account is held with joint name along with his wife and she had deposited a sum of Rs. 7,50,000/- out of her source. The AO, however was not convinced with the explanation furnished by the assessee and according to AO, except to the extent of income returned in the impugned assessment year amounting to Rs. 5,12,000/-, the assessee could not explain source of balance cash deposit. Therefore, the AO addition towards cash deposits as unexplained money u/s 69A of the Income-tax Act, 1961 (hereinafter referred to as "the Act").

3. Being aggrieved by the assessment order, the assessee preferred an appeal before the CIT(A). Before the Id. CIT(A), the assessee had explained cash deposits out of known source of income, including cash deposits out of his wife income and

also cash deposits out of maturity proceeds of fixed deposits. The Ld. CIT(A) accepted explanation furnished by the assessee, in so far as cash deposits out of his wife account amounting to Rs. 7,50,000/- and thus, directed the AO to delete addition made towards cash deposits amounting to Rs. 7,50,000/-. The balance amount of Rs. 3,13,000/- has been sustained on the ground that, the assessee could not file necessary evidences. Being aggrieved by the Ld. CIT(A) order, the assessee is in appeal before us.

4. The Ld. Counsel for the assessee, submitted that the assessee is having sufficient source of income to explain cash deposits, but the CIT(A) disregarded evidence filed by the assessee and sustained additions.

5. The Ld. DR, on the other hand supporting the order of the Ld. CIT(A) submitted that, the assessee could not explain source for cash deposits except to the extent relief allowed by the AO as well as the CIT(A), therefore, no reason to give further relief to the assessee.

6. We have heard both the parties, perused materials available on record and gone through orders of the authorities below. The assessee has explained cash deposits made during the demonetization period out of amount received from maturity of fixed deposits in SBI and Canara Bank. The assessee had also furnished necessary evidence before the AO and argued that, he had received a sum of Rs. 10,29,337/- towards maturity of insurance policy from Reliance Insurance. He had withdrawn cash out of its known source of income and re-deposited during demonetization period when the old currency notes of Rs. 500 and Rs. 1000 have been withdrawn from circulation. We find that, the AO as well as CIT(A) never disputed fact that the assessee has furnished necessary evidence with regard to maturity proceeds of fixed deposits and insurance policy. However, disregarded evidence filed by the assessee only for the reason that cash has been deposited during demonetization period. In our considered view, even during demonetization period cash deposits can be accepted, if source is explained to cover up said cash deposits. In this case, since the assessee has established source for cash deposits out of known source of income, in our considered view, the CIT(A) ought to have accepted explanation furnished

by the assessee and deleted addition sustained to the extent of Rs. 3,13,000/-. Hence, we direct the AO to delete addition towards cash deposits amounting to Rs. 3,13,000/-, because the assessee has explained source for cash deposits.

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

Order pronounced in the court on 11<sup>th</sup> January, 2023 at Chennai.

**Sd/-**  
**(महावीर सिंह )**  
**(MAHAVIR SINGH)**  
उपाध्यक्ष /**Vice President**

**Sd/-**  
**(जी. मंजुनाथ)**  
**(G. MANJUNATHA)**  
लेखासदस्य/**Accountant Member**

चेन्नई/Chennai,

दिनांक/Dated, the 11<sup>th</sup> January, 2023

**JPV**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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|------------------------|--------------------------|------------------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकर आयुक्त (अपील)/CIT(A) |
| 4. आयकर आयुक्त/CIT     | 5. विभागीय प्रतिनिधि/DR  | 6. गार्ड फाईल/GF             |