

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“B” BENCH : BANGALORE**

**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND  
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER**

ITA No.327/Bang/2023
Assessment Year : 2017-18

Shri. Naveen Lakshmi pathi Tekka, 475, 3 <sup>rd</sup> Block, 3 <sup>rd</sup> Stage, 6 <sup>th</sup> Main, Basaveshwaranagar, Bengaluru – 560 079. <b>PAN : ADHPN 7878 D</b>	Vs.	1. The Income Tax Officer, Ward – 5(3)(3), Bengaluru.  2. National Faceless Appeal Centre (NFAC), Delhi.
APPELLANT		RESPONDENT

Assessee by	:	Shri. Dinesh Kumar, CA
Revenue by	:	Smt. Supriya Rao O. N, Addl. CIT(DR), ITAT, Bengaluru.

Date of hearing	:	19.07.2023
Date of Pronouncement	:	19.07.2023

**ORDER**

*Per George George K, Vice President:*

This appeal at the instance of assessee is directed against the CIT(A)'s Order dated 21.03.2023, passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Year is 2017-18.

2. Assessee has raised 22 grounds. However, all the grounds relate to the solitary issue whether the CIT(A) is justified in confirming the addition of Rs.1,04,10,600/- made by the AO under section 69 of the Act.

3. Brief facts of the case are as follows:

Assessee is an individual deriving income from salary, life / general insurance commission and income from other sources. For the Assessment Year 2017-18, the return of income was filed on 23.07.2022 declaring total income of Rs.4,78,430/-. The assessment was selected for limited scrutiny to examine the cash deposits made during the year. During the course of assessment proceedings, to the initial notices issued, assessee had given certain explanation with regard to the source of cash deposits made during the Assessment Year. However, to the show cause notice issued by the AO, later there was no reply filed by the assessee. Therefore, assessment was completed under section 143(3) of the Act vide order dated 27.12.2019, by bringing to tax the entire amount of cash deposit of Rs.1,04,10,600/- under section 69 of the Act. The AO also charged tax under section 115BBE of the Act.

4. Aggrieved by the Order of Assessment, assessee filed an appeal before the First Appellate Authority (FAA). Since there was no response to the several notices issued by the Office of the FAA, the CIT(A) passed an ex-parte order confirming the addition made by the AO. The relevant finding of the CIT(A) in this regard reads as follows:

*“6.3 Having considered the order of the AO and the submissions of the appellant, I find that while making claim of having submitted bank statement before the AO, the same has not been submitted properly in the appellate proceedings. Therefore, the claim of withdrawal of money by the assessee from the same bank account for remittance to the LIC could not be verified. The assessee has submitted incomplete bank statement without trying to explain the money trail. A perusal of bank statement reveals that after deposit of cash, the assessee is withdrawing money mostly in cash. No detailed explanation for the same has been offered. In the absence of detailed explanation, no interference can be drawn on perusal of bank statement which is also not complete. The claim of the assessee of having collected cash from the policy holders of LIC also could not be verified in the absence of necessary evidence in this regard. Therefore, in the absence of any cogent explanations supported by documentary evidences, I am not inclined to accept the bald explanation*

*of the assessee. Thus, i do not see any reason to interfere with the order of the AO making an addition of Rs. 1,04,10,600/-.”*

5. Aggrieved by the order of the CIT(A), assessee has filed the present appeal before the Tribunal. The learned AR submitted that the assessee and his wife met with an accident and his wife died unfortunately on 14.12.2019. It was submitted that the assessee was in a depressed state of mind and could not respond to the notices issued either by the AO or the CIT(A). The learned AR submitted that the assessee has placed on record the details of the cash deposits made which is primarily out of the cash collections from various policy holders on whose behalf assessee was acting as an insurance agent. It was stated the details of payments made to LIC is also placed on record. It was submitted by the learned AR that the assessee has got the entire details with regard to the various policy holders who had made the cash payments and in turn the payments made by him to the LIC. The learned AR requested that in the interest of justice and equity, one more opportunity may be provided to the assessee to explain the source with regard to the cash deposits made during the impugned Assessment Year.

6. The learned DR supported the orders of the AO and the CIT(A).

7. We heard the learned DR and perused the material on record. Out of the total cash deposits made during the entire Financial Year, only a sum of Rs.5.3 lakhs was deposited during the demonetization period. The assessee has placed on record the amounts collected from the various policy holders, deposits in the various bank accounts held by him and the payments made thereafter to the LIC. In the interest of justice and equity, we are of the view that issue as regards the source of cash deposit needs to be examined by the AO afresh since assessee could not place the relevant details before the AO or CIT(A). The assessee shall

co-operate with the Revenue and shall not seek unnecessary adjournments. It is ordered accordingly.

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

*Pronounced in the open court on the date mentioned on the caption page.*

Sd/-

**(LAXMI PRASAD SAHU)**  
**Accountant Member**

Sd/-

**(GEORGE GEORGE K)**  
**Vice President**

Bangalore.

Dated: 19.07.2023.

/NS/\*

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|-------------------------|---------------|
| 1. Appellants           | 2. Respondent |
| 3. CIT                  | 4. CIT(A)     |
| 5. DR, ITAT, Bangalore. | 6. Guard file |

By order

Assistant Registrar,  
ITAT, Bangalore.