

आयकरअपीलीयअधिकरण, विशाखापटणम "एसएमसी"पीठ, विशाखापटणम

IN THE INCOME TAX APPELLATE TRIBUNAL,
VISAKHAPATNAM "SMC" BENCH, VISAKHAPATNAM

श्री दुव्वूरु आर एल रेड्डी, न्यायिक सदस्य के समक्ष
BEFORE SHRI DUVVURU RL REDDY, HON'BLE JUDICIAL MEMBER

आयकर अपील सं./I.T.A.No.140/Viz/2023
(निर्धारण वर्ष / Assessment Year : 2017-18)

Ramesh Babu Bandi
D.No.52-1/5-1
Flat TF-1, Lakshmi Narayan Enclave
Veterinary Colony
Gunadala
[PAN : AKPPB0435R]

Vs. Income Tax Officer
Ward-2(3)
Vijayawada

(अपीलार्थी/ Appellant)

(प्रत्यर्थी/ Respondent)

अपीलार्थी की ओर से/ Appellant by
प्रत्यर्थी की ओर से / Respondent by

: Shri G.V.N.Hari, AR
: Shri O.N.Hari Prasada Rao, DR

सुनवाई की तारीख / Date of Hearing

: 22.06.2023

घोषणा की तारीख/Date of Pronouncement

: 31.07.2023

आदेश /ORDER

Per Shri Duvvuru RL Reddy, Judicial Member :

This appeal is filed by the assessee against the order of Commissioner of Income Tax (Appeals) [CIT(A)], National Faceless Appeal Centre (NFAC), Delhi vide DIN & Order No.ITBA/NFAC/S/250/2022-23/1050404171(1) dated 04.03.2023, arising out of assessment order passed u/s 144 of the Income Tax Act, 1961 (in short 'Act') dated 24.12.2019 for the Assessment Year (A.Y.) 2017-18.

2. Brief facts of the case are that the assessee, an individual, had not filed his return of income for the A.Y.2017-18, but had deposited cash amounting to Rs.12,74,000/- in his bank account during the year under consideration. Statutory notices were issued and served on the assessee and the assessee had submitted his response, stating that he holds agricultural lands and earns income of about Rs.6 lakhs per annum by doing agriculture. He made cash deposits out of the savings made from agricultural activities undertaken in the lands of about 12.91 acres, after meeting expenses. But the AO disallowed an amount of Rs.2,50,000/- and added the same as income from other sources of the assessee.

3. Aggrieved by the order of the AO, the assessee preferred an appeal before the CIT(A) and the Ld.CIT(A) confirmed the addition made by the AO and dismissed the appeal of the assessee.

4. Aggrieved by the order of the Ld.CIT(A), the assessee preferred an appeal before the Tribunal by raising the following grounds of appeal :

1. The learned Assessing Officer had ignored the fact that the appellant is a farmer earning agricultural income and has no other source of income liable to tax under the Income Tax Act, 1961.

2. The Learned Assessing Officer arbitrarily made an addition without calling for the 'details of purchases made' by others from the appellant.

3. *The Learned Assessing Officer arbitrarily estimated a sum and treated the same as undisclosed money within the meaning of Sec.69A r.w.s. 115BBE of the Income Tax Act, 1961.*
4. *Learned Commissioner of Income Tax (Appeals), NFAC, erred in disregarding the merits of the case before him and proceeded against the appellant on the lone ground that 'The appellant has not filed any written submission / document with respect to ground raised in Form-35.*
5. *Learned Commissioner of Income Tax (Appeals) NFAC erred in not considering the fact admitted by the Learned Income-tax Officer, to the effect that 'the assessee has furnished confirmation from other parties'.*
6. *Learned Commissioner of Income Tax (Appeals) NFAC erred in not obtaining a report of the Assessing Officer directly on grounds of appeal or information, document or evidence furnished by the appellant as provided in the "Procedure in Appeal" 5(11)(ii)(d) notification on "Faceless Appeal Scheme, 2021" dated 28th December 2021.*
7. *On such other grounds which support the case of the appellant and not inconsistent with the above, to be pleaded at the time of hearing.*

It was the contention of the Ld.AR that the assessee is a farmer, having 12.91 acres of agricultural land, doing agriculture for the past 20 years and is having only agricultural income. The assessee is also having gold loan and is in the habit of taking loans from others also. The Ld.AR further contended that the agricultural produces were sold by the assessee by way of cash transactions, therefore, he deposited the amount in the bank account. He also filed confirmations letters about the sale of agricultural produces between the assessee and other purchasers. But

the AO has disallowed amount of Rs.2.50,000/- and completed the assessment. He further contended that in the assessment order, the AO has not given any reasons for the disallowance of Rs.2,50,000/-. He, therefore, pleaded to quash the order passed by the Ld.CIT(A) and delete the addition made by the AO.

5. On the other hand, the Ld.DR submitted that though the assessee had filed confirmation letters, he had not given any details of purchases made by the purchasers. Therefore, he pleaded to uphold the order passed by the Ld.CIT(A).

6. I have heard both the parties and perused the material available on record. After considering the submissions of the AO, there is no dispute that the assessee is having agricultural holdings and thereby, he is getting agricultural income. The sale of agricultural produces is by way of cash and to that extent, the assessee had also filed confirmation letters, but, without any valid reason, the AO simply disallowed stating that the assessee has not given details of purchases made by the purchasers. Therefore, considering the facts and circumstances, there is no reasonable ground to make the disallowance of Rs.2,50,000/- and I find force in the argument of the assessee. I, therefore, direct the AO to delete

the addition of Rs.2,50,000/- made. Hence, the grounds raised by the assessee are allowed.

7. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on 31st July, 2023.

Sd/-
(दुव्वूरु आर.एल रेड्डी)
(DUVVURU RL REDDY)
न्यायिक सदस्य/JUDICIAL MEMBER

Dated : 31.07.2023
L.Rama, SPS

आदेश की प्रतिलिपि अग्रेषित/Copy of the order forwarded to:-

1. निर्धारिती/ The Assessee- Shri Ramesh Babu Bandi, D.No.52-1/5-1 Flat TF-1, Lakshmi Narayan Enclave, Veterinary Colony, Gunadala
2. राजस्व/The Revenue - The Income Tax Officer, Ward-2(3), C.R.Buildings, M.G.Road, Vijayawada
3. The Principal Commissioner of Income Tax, Visakhapatnam
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, विशाखापटणम / DR,ITAT, Visakhapatnam
- 5..गार्ड फ़ाईल / Guard file

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Visakhapatnam