

आयकर अपीलीय अधिकरण, 'सी'(एस एम सी) न्यायपीठ,चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' (SMC) BENCH, CHENNAI**

श्री महावीर सिंह, उपाध्यक्ष के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT**

आयकर अपील सं./ITA No.: **1210/CHNY/2023**

निर्धारण वर्ष/Assessment Year:2017-18

**Ms. Lakshmanan Meenkashi,**  
16, Pandian Street,  
Alagappan Nagar,  
Madurai – 625 003.

**The Income Tax Officer,**  
Vs. Non-Corporate Circle -2,  
Madurai.

**PAN: AGQPM 4430J**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri M. Lakshmanan, CA

प्रत्यर्थी की ओर से/Respondent by

: Shri Suresh Guduri, JCIT

सुनवाई की तारीख/Date of Hearing

: 03.01.2024

घोषणा की तारीख/Date of Pronouncement

: 10.01.2024

**आदेश /ORDER**

This appeal by the assessee is arising out of the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi in Order No.ITBA/NFAC/S/250/2023-24/1057243166(1) dated 20.10.2023. The assessment was framed by the Assistant Commissioner of Income Tax, Non-Corporate Circle-2, Madurai for the assessment year 2017-18 u/s.143(3) of the Income Tax Act, 1961 (hereinafter the 'Act') vide order dated 28.12.2019.

2. The only issue in this appeal of assessee is as against the order of CIT(A) confirming the action of AO in making addition of unexplained cash deposit in Specified Bank Notes (SBNs) during demonetization period amounting to Rs.18,91,407/-.

3. Brief facts are that the assessee derives income from wholesale and retail business of adhesives and construction chemicals. The assessee filed e-return for the relevant assessment year 2017-18 on 31.03.2018. The assessee's case was selected for scrutiny assessment for verifying the cash deposited during demonetization period amounting to Rs.26,49,300/- and accordingly, notice u/s.143(2) of the Act dated 21.09.2018 was issued and served. The AO noted that the assessee has not provided any documentary evidence and genuineness for accepting the old currency and he accepted only the opening cash balance of Rs.7,57,893/- as available in the books of accounts as on 09.11.2016 out of total cash deposit of Rs.26,49,300/- and balance cash of Rs.18,91,407/- was treated as unexplained cash credit u/s.68 of the Act and taxed the same u/s.115BBE of the Act. Aggrieved, assessee preferred appeal before CIT(A). The CIT(A) also confirmed the action of AO and not considered the explanation of the assessee.

4. I have heard rival contentions and gone through facts and circumstances of the case. Admittedly, the total cash deposit during demonetization period was Rs.26,49,300/-. The assessee was having opening cash as on 09.11.2016 amounting to Rs.7,57,893/- out of which, the assessee deposited SBNs amounting to Rs.7,54,000/- during demonetization period. Secondly, the balance amounting to Rs.18,91,407/-, the assessee claimed before AO as well as before CIT(A) that was in normal new bank notes and not SBNs and the same has been out of trading transactions carried out after 08.11.2016. The Id.counsel for the assessee filed details of cash deposited in new notes and old notes with ICICI Bank, Madurai Main Branch and in new notes, the deposit was made at Rs.17,85,300/-. It means that the assessee out of Rs.18,91,407/- has made deposits out of new notes i.e., new currency and this is very clear from the bank statement submitted by assessee of savings bank account maintained with ICICI Bank, Madurai Branch of Sree Valampuri Agencies, whose proprietor is assessee. Now, the Id.counsel for the assessee stated that almost entire cash deposit is explained and there should be no addition. However, it is noticed that the opening cash available in cash book is Rs.7,57,893/- which is in specified bank notes and deposited by assessee an amount of Rs.7,54,000/-. The balance unexplained amount remains Rs.18,91,407/- out of

which the new currency deposited by assessee out of trading receipts after 08.11.2016 is Rs.17,85,300/-. The balance remains Rs.1,06,107/-. It means, the assessee is unable to prove only this amount of Rs.1,06,107/-. This remains unexplained and I confirm the addition to the extent of Rs.1,06,107/- and balance addition of Rs.17,85,300/- is deleted. Accordingly, the appeal of the assessee is partly-allowed.

5. In the result, the appeal filed by the assessee is partly-allowed.

Order pronounced in the open court on 10<sup>th</sup> January, 2024 at Chennai.

Sd/-

(महावीर सिंह)

**(MAHAVIR SINGH)**

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 10<sup>th</sup> January, 2024

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant

2. प्रत्यर्थी/Respondent

3. आयकर आयुक्त /CIT

4. विभागीय प्रतिनिधि/DR

5. गार्ड फाईल/GF.