

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES “SMC”, HYDERABAD**

BEFORE SHRI LALIET KUMAR, JUDICIAL MEMBER

ITA No.127/Hyd/2024		
Assessment Year: 2017-18		
Khaja Mannan Ullaha, Hyderabad. H.No.17-1-B/18/1, Santosh Nagar Colony, Near Sadhana College, Saidabad, Telangana – 500059. PAN : AXDPK2597E.	Vs.	The Income Tax Officer, Ward –1, Siddipet, Telangana – 502103.
(Appellant)		(Respondent)
Assessee by:		Sri A. V. Raghuram, C.A.
Revenue by:		Sri B. Yadagiri, SR.AR
Date of hearing:		07.03.2024
Date of pronouncement:		07.03.2024

ORDER

PER LALIET KUMAR, J.M.

The appeal of the assessee for A.Y. 2017-18 arises from the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dt.11.12.2023 invoking proceedings under section 144 of the Income Tax Act, 1961 (in short, “the Act”).

2. The grounds raised by the assessee reads as under :

“ 1. The order passed by Id. CIT(A) allowing the appeal partly is erroneous both on facts and in law.

2. The ld. CIT(A) erred in confirming the addition of Rs.17,50,000/- made by the AO as unexplained money u/s.69A of the Act.”

3. The brief facts of the case are that the assessee had made cash deposits aggregating to Rs.13,37,500/- into bank accounts during the demonetization period. In response to the notice issued u/s.142(1) on 12.03.2018, the assessee has not filed return of income for the assessment year 2017-18 in terms of the provisions of section 139 of the Income Tax Act, 1961. As there is no compliance to the notice issued u/s.142(1), the assessee was issued show cause notice dt.07.08.2019. As there is no compliance from the assessee to the show cause notice also, information was gathered from the banks as per Section 133(6) of the Income Tax Act, 1961.

3.1. During the course of assessment, Assessing Officer found that the bank transactions of assessee showed no sign of business carried out by the assessee. Hence, it cannot be said that the transactions appearing in the bank accounts represented the assessee's business transactions, In the absence of information of any sort, there is no alternative left but to deem the credits appearing in the bank accounts on account of cash deposits, so also credits otherwise than on account of cash deposits, in all aggregating to Rs.29,62,388/-, as the income of the assessee within the meaning of the provisions of sec.69A of the Income Tax Act, 1961

and the same was subjected to tax under the provisions of sec. 115BBE of the Act. Thus, the Assessing Officer completed the assessment and passed assessment order on 30.11.2019 u/s 144 of the Act.

4. Feeling aggrieved with the order of Assessing Officer, assessee filed an appeal, which was later migrated to the Id.CIT(A), NFAC, Delhi, who granted part relief to the assessee.

5. Before me, Ld.A.R. has submitted that the cash deposits made by the assessee were belonged to his elderly parents, who are suffering from various old aged ailments, including hearing ailment and that he has two sisters for marriage and hence, he kept the cash which was later deposited during the period of demonetization. The Id. AR further submitted that assessee was engaged in business activities, having obtained all necessary permissions such as building permits, NOCs, mutations, etc., from the relevant authorities. He emphasized that the income earned from these legitimate business ventures was deposited in the bank account. He contended that the cash deposits made by the assessee were entirely from legitimate sources. The learned Authorised Representative pleaded that considering the above legitimate facts and circumstances, the addition of unexplained income was unwarranted and should be deleted.

6. Per contra, the ld.DR has not raised any objection for remanding the matter back to the file of lower authorities.

7. I have heard the rival contentions of both the parties and perused the material available on record. On perusal of the orders of lower authorities, the submissions made by the assessee, and the facts pertaining to the cash deposits, it is established that the assessee deposited Rs.17,50,000/- during the demonetization period. The assessee mainly contended that the cash deposits came from his elderly parents, who are ill, and the amount kept for his sisters' marriages and that he was engaged in legitimate business, deposited income from this activity and that all the cash deposits were entirely from legitimate sources. However, the ld.CIT(A) did not accept the submissions of assessee as the assessee could not provide any documentary evidence for the source of deposit of cash to the tune of Rs.17,50,000/-. Considering the totality of the facts and circumstances, I feel that it is common to keep some amount for urgent exigencies by the old aged parents and based on assessee's contentions, assessee deserves some relief. In the interest of justice and considering the totality of the facts and circumstances in this case, I find it appropriate to uphold the addition to the extent of Rs.7 lakhs and thereby delete the addition of Rs.10,00,000/-. Accordingly, an addition to an extent of Rs.7,00,000/- is confirmed and the remaining amount of Rs.10,00,000/- is deleted. Thus, the appeal of the assessee is partly allowed.

8. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the Open Court on 7th March, 2024.

**Sd/-
(LALIET KUMAR)
JUDICIAL MEMBER**

Hyderabad, dated 7th March, 2024.

TYNM/sps

Copy to:

S.No	Addresses
1	Khaja Mannan Ullaha, Hyderabad. H.No.17-1-B/18/1, Santosh Nagar Colony, Near Sadhana College, Saidabad, Telangana – 500059.
2	The Income Tax Officer, Ward –1, Siddipet, Telangana – 502103.
3	Pr1.CIT, Hyderabad.
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order