

**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.416/Bang/2024
Assessment year : 2017-18

Krishnappa Govindappa, # 1, Ramapura, Virgo Nagar Post, Bengaluru – 560 049. <b>PAN: AWEPG 2983N</b>	Vs.	The Income Tax Officer, Ward 4(2)(1), Bengaluru.
APPELLANT		RESPONDENT

Appellant by	:	Shri R. Chandrashekar, Advocate
Respondent by	:	Shri Ganesh R. Ghale, Standing Counsel

Date of hearing	:	18.04.2024
Date of Pronouncement	:	20.05.2024

**ORDER**

*Per Laxmi Prasad Sahu, Accountant Member*

This appeal is filed by the assessee against the order dated 15.01.2024 of the CIT(Appeals), National Faceless Appeal Centre, Delhi [NFAC] for the AY 2017-18.

2. The brief facts of the case are that the assessee filed return of income on 30.7.2017 declaring total income of Rs.8,64,980. The case was selected for scrutiny and statutory notices were issued to the assessee. In compliance, the assessee submitted statement of total

income, copies of bank statement, RTC and certificate/licence for finance business issued by Govt. of Karnataka. During the assessment proceedings, it was noted that the assessee has shown agricultural income and assessee was asked to submit source of agricultural income of Rs.15,84,000. However, the assessee failed to furnish evidence in support of the same, only copies of RTC was submitted. Accordingly, the agricultural income declared by the assessee was treated as unexplained money u/s. 69A. The AO further noted that during the demonetisation period a sum of Rs.2 lakhs was deposited in its SB A/c maintained with Canara Bank. However the assessee did not furnish copy of bank statement and was unable to explain the source. Accordingly this income was also treated as unexplained money u/s. 69 of the Act and assessment was completed.

3. Aggrieved, the assessee filed appeal before the CIT(Appeals) and submitted past three years income from agricultural activities and it was also not disputed that he assessee owns agricultural land and claimed to have mango garden on the said land. He has also claimed that he has grown cash crops and vegetables and other food grains like Ragi, but failed to produce any sale bills. He could produce only copy of land particulars along with RTC and declared income in the past three years as under:

<u>AY</u>	<u>Amount Rs.</u>
2014-15	2,95,000
2015-16	3,20,000
2016-17	5,48,000

4. The CIT(Appeals) noted that agricultural produce was shown at Rs.19,50,000 and net total income was Rs.15,84,000 after expenses incurred during the year and net profit comes to more than 81% of total receipts, which was unrealistic without any supporting evidence. After considering the submissions of the assessee, the Id. CIT(Appeals) granted relief to the assessee of Rs.7 lakhs and balance amount of Rs.8,84,000 was confirmed. The CIT(A) also granted relief on cash deposits during the demonetisation period. Accordingly, he partly allowed the appeal of assessee. Aggrieved, the assessee filed appeal before the ITAT.

5. The Id. AR submitted that there is no dispute that the assessee is holding agricultural land and submitted that detailed sales receipts were submitted before the revenue authorities which was not accepted. The assessee has sold varieties of mangoes viz., Lalbagh, Badami, Nati, Malgoba, Totapuri, Totapuri Keel, Neelam, Neelam Keel, Benisha, Benisha Keel, Kalaphadi, Khudus. He referred to page 15 of PB and submitted that there was a total sales of mangoes for Rs.15,84,000 for which the assessee submitted cash bills which are placed at pages 16 to 35 of PB. He submitted that the bill is self-certified bill and external bills are not available because the public purchased mangoes from assessee's garden directly. He also submitted that case was selected for limited scrutiny under CASS for the reason to verify the cash deposits and AO was satisfied with cash deposit in bank account and no addition was made. He further submitted that while computing total tax, the AO has accepted that it is

agricultural income. He further submitted that the main source of agriculture income is from sale of varieties of mangos and which does not require recurring expenditure as compared to other crops like paddy, wheat, sugarcane etc., CIT has wrongly observed that the income is 81%.

6. The Id. DR relied on the order of the lower authorities and submitted that assessee was unable to produce external evidence in support of agricultural income shown. The excess income has rightly been estimated by the CIT(Appeals).

7. Considering rival submissions, we note that here the dispute is only regarding total income shown of Rs.15,84,000 out of which the CIT(Appeals) has accepted Rs.7 lakhs. The dispute is regarding Rs.8,84,000. We note that average agricultural income reported by assessee for previous three years is Rs. 3,87,667/-. We further note from the computation sheet of the AO at page 36 to 38 that while computing total income the AO has himself accepted at sl.no. 15 it as agricultural income and added Rs.15,84,000. Once the AO has accepted agricultural income during the course of computing tax which is essential part of raising demand u/s 156 for completing the assessment, then the AO cannot treat it as unexplained investment u/s. 69A. Accordingly we accept the plea of the assessee that income should be considered as agricultural income and apply normal tax rate as applicable. Since in this case the assessee had shown agriculture income of Rs. 15,84,000/- in his return of income out of which a sum

of Rs. 7.00 Lakhs has been accepted by the Id. CIT (A) treating it as agriculture income. The balance amount of Rs, 8,84,000/- is also to be considered as agriculture income as per our above observations.

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

Pronounced in the open court on this 20<sup>th</sup> day of May, 2024.

Sd/-  
( GEORGE GEORGE K. )  
VICE PRESIDENT

Sd/-  
(LAXMI PRASAD SAHU )  
ACCOUNTANT MEMBER

Bangalore,  
Dated, the 20<sup>th</sup> May, 2024.

*/Desai S Murthy /*

Copy to:

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar  
ITAT, Bangalore.