

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में
IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "SMC", HYDERABAD

BEFORE SHRI K. NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / ITA No. 349/Hyd/2024
(निर्धारण वर्ष / Assessment Year: 2017-18)

Ranjan Goud Anguluri, Nizamabad [PAN No. BHMPA5110M]	Vs. Income Tax Officer, Ward-1, Nizamabad
अपीलार्थी / Appellant	प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri K.A. Sai Prasad, AR
राजस्व द्वारा/Revenue by: Shri Suresh, DR

सुनवाई की तारीख/Date of hearing: 09/05/2024
घोषणा की तारीख/Pronouncement on: 16/05/2024

आदेश / ORDER

Aggrieved by the order dated 07/02/2024 passed by the learned Commissioner of Income Tax (Appeals)- National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), in the case of Ranjan Goud Anguluri ("the assessee") for the assessment year 2017-18, assessee preferred this appeal.

2. Brief facts of the case are that the assessee is an individual and claims to have been deriving income from agriculture, commission on supply of paddy, sugarcane and other agricultural produce to various mills/manufacturers. For the assessment year 2017-18, he filed his return of income on 27/11/2017 declaring an income of about Rs. 2.9 lakhs, claiming deduction of Rs. 4,620/- under chapter VIA of the Income Tax Act, 1961 ('the Act').

3. During the course of assessment, learned Assessing Officer found that there was a deposit of Rs. 11.9 lakhs in the bank account of the assessee during demonetization period. Assessee submitted before the learned Assessing Officer about the sources of income and also holding a closing cash balance of about Rs. 13 lakhs in his hand by the midnight of 08/11/2016, which he claims to have deposited during demonetization period. He also claimed to have received about Rs. 86 lakhs on sale of a plot.

4. Learned Assessing Officer did not accept the version of the assessee, stating that it is not supported by any evidence whatsoever and treated the amount covered by such deposit as un-explained money under section 69A of the Act and added it to the income of the assessee.

5. Assessee preferred appeal before the learned CIT(A) and reiterated his stand. Before learned CIT(A), assessee produced certain bills/vouchers evidencing purchase of seeds and fertilizers, but according to the learned CIT(A), some of such bills bear the names of different individuals. So also, the sale deed contains the name of some other person. Learned CIT(A), therefore, rejected all such evidence and upheld the addition. Hence, this appeal.

6. Learned AR submitted that before the learned Assessing Officer, the assessee submitted that as on 08/11/2016, the assessee held a cash of about Rs. 13 lakhs in his hand and the Revenue authorities did not consider this aspect. Further there is no point in the learned CIT(A), rejecting all the bills and vouchers on the ground that some of the bills bear names of other persons. Assessee submits that it is not as though the assessee will not have any receipts during the year to be deposited in the bank under the compelling circumstances of demonetization.

7. Per contra, learned DR submitted that there is no evidence to support the deposits and, therefore, the Revenue authorities are justified in making the additions.

8. I have gone through the record in the light of the submissions made on either side. Assessee filed the return of income declaring an income of about Rs. 2.9 lakhs. One cannot say that there will not be any receipts to give raise to this income component. Assessee produced the receipts to show that he purchased certain fertilizers and pesticides. He also produced certain papers showing that some people gave their land on lease to the assessee. Without any activity, it would be too much to say that the assessee derived the income of Rs. 2.90 lakhs. Having accepted such income offered by the assessee, it is not open for the Revenue authorities to say that the assessee did not do any activity to generate that income.

9. In the circumstances, there is nothing suspicious in the plea take by the assessee that by cultivating the land of others, he derived such income of Rs. 2.9 lakhs and in that process, he purchased fertilizers and pesticides. To make a living, the assessee was doing these activities and there cannot be any recorded evidence for every such activity and the deriving of the accepted income itself will show the involvement of the assessee in such activities, which will naturally give raise to receipts in the hands of the assessee.

10. Further, when the assessee in his explanation dated 17/07/2019 before the learned Assessing Officer had specifically stated that he indulged in agriculture and commission business apart from receipt of some capital gains and held about Rs. 30 lakhs in his hands as on 08/11/2016, there is no enquiry on this aspect. So also, learned CIT(A) rejected all the evidence that was produced by the assessee because according to him, some bills belong to earlier years and names of some other persons were to be found on some bills. But basically, it proves that

at one point of time or the other, the assessee was purchasing seeds and fertilizers, which establish that he indulged in agricultural activities. When once such activity cannot be questioned, having accepted the income, it is not open for the Revenue authorities to say that for want of evidence, the agricultural activity of the assessee cannot be believed.

11. Taking into consideration all these facts, I am inclined to believe the plea of the assessee that he was deriving income from agriculture and commission business and in that respect, there are certain receipts in his hands. Though the assessee was free to hold certain amounts in his hands, but because of demonetization, the assessee was compelled to deposit the same into bank. However, at the same time, without any clinching evidence, it is difficult to believe that the assessee held Rs. 13 lakhs on his hands on the date of demonetization. Taking a pragmatic view, I am inclined to accept the same at double the income, he declared for the year which comes to the tune of Rs. 6 lakhs. I, therefore, direct the learned Assessing Officer to delete the addition to an extent of Rs. 6 lakhs.

12. In the result, appeal of the assessee is allowed in part.

Order pronounced in the open court on this the 16th day of May, 2024.

Sd/-

(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad,
Dated: 16/05/2024

TNMM

Copy forwarded to:

1. Ranjan Goud Anguluri, H. No. 8-97, Lingampet, Nizamabad.
2. Income Tax Officer, Ward-1, Nizamabad.
3. Pr.CIT, Hyderabad.
4. DR, ITAT, Hyderabad.
5. GUARD FILE.

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ASSISTANT REGISTRAR
ITAT, HYDERABAD