

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH, CHENNAI**

श्री महावीर सिंह, उपाध्यक्ष एवं श्री एस.आर. रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND  
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: **1112/CHNY/2022**

निर्धारण वर्ष/Assessment Year: 2013-14

**Shri Muthiyah  
Ramakumarappan,**  
1659, Solai Colony,  
Sivakasi – 626 123.

**The Income Tax Officer,**  
Vs. Ward-2,  
Virudhunagar.

**PAN: AKIPK 6807D**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri N. Arjun Raj, Advocate  
प्रत्यर्थी की ओर से/Respondent by : Shri N. Sanjay Gandhi, JCIT

सुनवाई की तारीख/Date of Hearing : 12.06.2024  
घोषणा की तारीख/Date of Pronouncement : 12.06.2024

**आदेश /ORDER**

**PER MAHAVIR SINGH, VICE PRESIDENT:**

This appeal by the assessee is arising out of the order passed of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) in Order No.ITBA/NFAC/S/250/2022-23/1048004426(1) dated 14.12.2022. The assessment was framed by the Income Tax Officer, Ward-2, Virudhunagar for the

assessment year 2013-14 u/s.143(3) of the Income Tax Act, 1961 (hereinafter the 'Act') vide order dated 31.03.2016.

2. The first issue in this appeal of assessee is as regards to the order of the CIT(A)-NFAC confirming the action of the AO and sustaining the addition to the tune of Rs.98,48,795/- being unexplained cash deposits in three different bank accounts u/s.69A of the Act.

3. Brief facts relating to the above issue are that the assessee is engaged in money lending business in the name of Valathy Bankers at Naranapuram, Thruchuli & Paraipatti. He is also a dealer of electrical goods in the name of Valathy Enterprises. The AO during the course of assessment proceedings noted that the assessee has not disclosed in his books of accounts the following bank accounts, where assessee has total cash deposit of Rs.1,29,85,036/-.

<i>A/c. holder's name</i>	<i>Name of bank</i>	<i>Account No.</i>	<i>Nature of account</i>	<i>Total amount credited in bank account (Rs.)</i>
<i>Shri M. Kumarappan</i>	<i>Karur Vysya Bank, Sivakasi</i>	<i>.....14012</i>	<i>SB a/c</i>	<i>6579369</i>
<i>Shri M. Kumarappan</i>	<i>City Union Bank, Sivakasi</i>	<i>725252</i>	<i>SB a/c</i>	<i>1158146</i>
<i>Shri M. Kumarappan</i>	<i>HDFC, Sivakasi</i>	<i>.....1011</i>	<i>SB a/c</i>	<i>5247521</i>
<i>Grand Total</i>				<i>12985036</i>

The AO considering the gross receipts from Valathy Enterprises being cash deposits made in the two savings bank account at Rs.31,36,241/- out of the total cash deposits made in three bank accounts at Rs.1,29,85,036/-, remaining cash of Rs.98,48,795/- was treated as unexplained cash deposits in the bank accounts. The AO added the same u/s.69A of the act. Aggrieved, assessee preferred appeal before the CIT(A).

3. Before CIT(A), the assessee could not offer any explanation but only explained that he is an individual, carrying on money lending business in the name of Valathi Bankers in three different places namely Naranapuram, Thruchuli and Paraipatti besides carrying on business of dealing in electrical goods under the name and style of Valathi Enterprises at Sivakasi. The assessee stated that he is maintaining separate books of accounts for all these four businesses and also having accounted transactions in savings bank accounts with HDFC bank, City Union Bank and Karur Vysya Bank. The assessee has filed taxable income of Rs.4,28,660/- and subsequently filed a revised return admitting taxable income of Rs.14,95,280/-. The AO completed the assessment by making following additions (i) sum of Rs.98,48,795/- being aggregate cash deposits in three unaccounted bank pass book, (ii) Rs.3,29,000/- towards the

unaccounted cash deposits in current account with City Union Bank and (iii) sum of Rs.13,90,200/- towards unaccounted aggregate cash deposit in the bank account with South Indian Bank. The assessee only alleged that the AO was under misconception that the total deposits are income without considering withdrawals but could not correlate the withdrawals. The CIT(A)-NFAC also not accepting the submissions of assessee, confirmed the addition. Aggrieved, assessee is in appeal before the Tribunal.

4. We have heard rival contentions and gone through facts and circumstances of the case. Before us, the Id.counsel for the assessee filed peak credit working in his paper-book at page 94 and the cash flow statement from pages 95 to 126. The assessee also filed paper-book consisting of pages 215. The Id.counsel tried to explain the peak credit from each entry but at this stage, it is not possible to examine these peak credit entries because the assessee has to explain each entry of withdrawal with that of the deposit and nexus of the same. The onus is on the assessee for this. Hence, for better examination and verification, the AO can enquire into the same and hence, we restore this issue to the file of the AO by setting aside the order of AO and that of the CIT(A)-NFAC. The AO will examine the peak credit working of the assessee and also examine and verify the

nexus between the withdrawal and that of the deposits made by the assessee. Hence, this issue of assessee's appeal is set aside to the file of the AO and allowed for statistical purposes.

5. The next two issues, which are identical, is as regards to the order of CIT(A) sustaining the addition being unexplained cash deposit u/s.69A of the Act being an amount of Rs.3,29,000/- in City Union Bank and an amount of Rs.13,90,200/- in South Indian Bank.

6. Brief facts relating to these issues are that the AO required the assessee to explain the deposits made in current account No.70510 with City Union Bank by Valathy Bankers Naranapuram, Sivakasi on three dates in aggregate amounting to Rs.3,29,000/- and also required the assessee to explain the amount deposited in cash amounting to Rs.13,90,200/- in the current account maintained with South Indian Bank, P.K.N. Road, Sivakasi. As the assessee could not explain both the amount, the same were treated as unexplained cash deposits and added u/s.69A of the Act. Aggrieved, assessee preferred appeal before CIT(A).

7. The CIT(A)-NFAC also asked the assessee to explain the source of cash deposit in both the bank accounts. The assessee tried to explain from the withdrawals already made and asked for telescopic view in respect of these cash deposits made out of cash withdrawals. As the assessee could not correlate the nexus, the CIT(A)-NFAC also confirmed the action of the AO. Aggrieved, assessee preferred appeal before the Tribunal.

8. We have heard rival contentions and gone through facts and circumstances of the case. We noted that now the assessee has filed peak credit working including the peak credit working of earlier bank account maintained with Karur Vysya Bank wherein the first issue, the matter is restored back to the file of the AO in regard to addition of Rs.98,48,795/- being cash deposits added by AO u/s.69A of the Act. Since the main issue is going back to the file of the AO, this issue is also arising out of the same peak credit working by the assessee, we exactly on identical direction, restore this issue to the file of the AO. Accordingly, the order of AO as well as the CIT(A)-NFAC on this issue is set aside and matter remanded back to the file of the AO.

9. In the result, the appeal filed by the assessee in ITA No.1112/CHNY/2022 is allowed for statistical purposes.

Order pronounced in the open court at the time of hearing on 12<sup>th</sup> June, 2024 at Chennai.

Sd/-

(एस. आर. रघुनाथा)

**(S.R. RAGHUNATHA)**

लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-

(महावीर सिंह)

**(MAHAVIR SINGH)**

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 12<sup>th</sup> June, 2024

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.