

**IN THE INCOME TAX APPELLATE TRIBUNAL
SMC-‘C’ BENCH : BANGALORE**

BEFORE SMT. BEENA PILLAI, JUDICIAL MEMBER

ITA No. 1045/Bang/2024
Assessment Year : 2017-18

Shri Mahadeva Gurappa Tonashyal, 2 nd Main, 5 th Cross, Koyimattur Layout, Narayanpur, Dharwad, Karnataka – 580 008. PAN: ABRPT4604R	Vs.	The Income Tax Officer, Ward – 2(3), Hubli.
APPELLANT		RESPONDENT

Assessee by	:	Shri Hemantkumar M Shurpali, CA
Revenue by	:	Shri Ganesh R Ghale, Standing Counsel for Department

Date of Hearing	:	26-06-2024
Date of Pronouncement	:	26-06-2024

ORDER

PER BEENA PILLAI, JUDICIAL MEMBER

Present appeal arises out of order dated 29.03.2024 passed by NFAC, Delhi for A.Y. 2017-18.

2. It is noted that the assessee has filed an elaborate grounds of appeal. However, the Ld.AR submitted that the only issue that

arises is in respect of treating Rs. 32 Lakhs being cash deposited in the bank account of assessee during demonetization period u/s. 69A of the act.

3. The Ld.AR submitted that, the assessee is a contractor and filed his return of income for the year under consideration on 17.08.2017 declaring total income of Rs. 14,85,620/-. Subsequently the case was selected for scrutiny under CASS u/s. 143(2) and the assessee was called upon to produce all the relevant documents before the Ld.AO. The Ld.AO made addition of Rs. 32 Lakhs u/s. 69A r.w.s 115BBE of the act.

4. Aggrieved by the order of the Ld.AO, assessee preferred appeal before the Ld.CIT(A).

4.1 The Ld.CIT(A) without carrying out necessary verification upheld the addition made in the assessment order.

5. Aggrieved by the order of the Ld.CIT(A), the assessee is in appeal before the *Tribunal*.

The Ld.AR submitted that the issue needs to be verified based on the evidences.

On the contrary, the Ld.DR relied on the orders passed by authorities below and submitted that there is no error in the order of the first appellate authority.

6. I have perused the submissions advanced by both sides in the light of records placed before us.

7. It is noted that assessee is a contractor. The Ld.AO noted that cash deposits were made during the demonetisation period and other than demonetisation period for which no necessary verification was carried out by the authorities. Considering the nature of business activity carried on by the assessee, the entire issue deserves to be looked into once again based on the following CBDT instructions issued for verification of the demonetised cash deposited into the accounts.

- a) The 1st instruction was issued on 21/02/2017 by instruction number 03/2017.
- b) The 2nd instruction was issued on 03/03/2017 instruction number 4/2017.
- c) The 3rd instruction was in the form of a circular dated 15/11/2017 in F.No. 225/363/2017-ITA.II and the last one dated 09/08/2019 in F.no.225/145/2019-ITA.II.

8. The assessee is directed to furnish all the relevant information and details in support of the claim, based on which, the assessing officer is directed to carry out necessary verifications. In the interest of justice, the issues are remanded back to the Ld.AO, to consider the claim afresh and to pass a detailed order on merits.

Needless to say that proper opportunity of being heard must be granted to the assessee.

Accordingly, the grounds of appeal raised by assessee stands allowed for statistical purposes.

In the result, the appeal filed by the assessee stands partly allowed for statistical purposes.

Order pronounced in the open court on 26th June, 2024.

Sd/-
(BEENA PILLAI)
Judicial Member

Bangalore,
Dated, the 26th June, 2024.
/MS /

Copy to:

- | | |
|---------------|------------------------|
| 1. Appellant | 2. Respondent |
| 3. CIT | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A) |

By order

Assistant Registrar,
ITAT, Bangalore