

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH, CHENNAI**

श्री एस एस विश्वनेत्र रवि, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI S.S. VISWANETHRA RAVI, HON'BLE JUDICIAL MEMBER  
AND SHRI S. R. RAGHUNATHA, HON'BLE ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: **1500/Chny/2024**

निर्धारण वर्ष / Assessment Year: 2016-17

Arthanari Parvatham, Income Tax Officer,  
34-J, 2<sup>nd</sup> Street, Narayana Nagar, v. Ward -2(1),  
Salem – 636 015. Salem.

**[PAN: AMDPP-0826-A]**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. T. Vasudevan, Advocate  
प्रत्यर्थी की ओर से/Respondent by : Shri. Aroon Prasad, Addl. CIT

सुनवाई की तारीख/Date of Hearing : 22.07.2024

घोषणा की तारीख/Date of Pronouncement : 31.07.2024

**आदेश / O R D E R**

**PER S. R. RAGHUNATHA, ACCOUNTANT MEMBER:**

This appeal by the assessee is filed against the order of the Commissioner of Income Tax (Appeals), Addl/JCIT(A)-10, Mumbai, for the assessment year 2016-17, vide order dated 18.03.2024.

2. The sole issue in dispute is that the Id.CIT(A) has erred in confirming the addition of Rs.4,50,000/- as unaccounted income from undisclosed source of the assessee. For this, the assessee has raised various grounds which are argumentative, exhaustive and hence, need not be reproduced.

3. The assessee is an individual filed return of income for the assessment year 2016-17 on 31.03.2018, admitting a total income of Rs.6,11,860/-. The case was selected for scrutiny by CASS to verify cash deposits for demonetization period is reported and no return was filed for the preceding assessment year and the current year return filed after 07.11.2016. A statutory notices were issued and assessment has been concluded by the Assessing Officer on 16.12.2018, by making an addition of Rs.4,50,000/- to the returned income and passed assessment order holding as under:

*"3. The assessee also did not file any return earlier to AY 2016-17. In the absence of any returns for earlier years and in the absence of any details like rent receipts, identity of persons from whom interest received etc., the claim of the assessee that the cash deposit of Rs.4,50,000/- during demonetization period pertains to cash in hand out of income earned in earlier years, is not acceptable. The subsequent version of withdrawal from AOP is also not acceptable in view of the above discussion. Therefore, it is held that the amount of Rs.4,50,000/- claimed to have been held by the assessee by way of cash as on 31.03.2016 and which is deposited into her bank account after 7.11.2016, is unaccounted income from undisclosed sources of the assessee and is added to the income returned."*

Aggrieved by the order of the Assessing Officer, the assessee preferred appeal before the Id.CIT(A).

3. The Id.CIT(A) after providing opportunities of hearing, was pleased to confirm the order of the Assessing Officer and dismissed the appeal of the assessee. Aggrieved by the order of the Id.CIT(A), the assessee is before us.

4. The Id.AR assailed the action of the Id.CIT(A) in confirming the addition of Rs.4,50,000/- as unaccounted income from undisclosed source of the assessee and stated that the assessee had provided a complete details of the source of the amount deposited into bank account. The assessee has also shown an income from rental receipts and from other sources of Rs.7,71,864/- for the assessment year 2016-17 and admitted taxable income of Rs.6,11,860/- and filed a return of income on 31.03.2018. Further, the Id.AR stated that the amount of Rs.4,50,000/- which has been withdrawn from the AOP, where the assessee is a member of AOP which is having a PAN of AAAAV-4486-E, in the month of June, 2016, which has been deposited during the demonetization period into the bank account of the assessee. Further, the lower authorities have erred in confirming addition of cash deposits made during demonetization period of Rs.4,50,000/- as unaccounted income from undisclosed source of the assessee for the assessment year 2016-17 as erroneous and contrary to the law, which is unsustainable and hence, pleaded to set aside the orders of the lower authorities by deleting the additions made.

5. The Id.DR relied on the orders of the lower authorities and prayed for dismissing the appeal of the assessee.

6. We have heard both the parties, perused materials available on record and gone through order of the authorities below. The assessee is an individual, and has filed its return of income for the assessment year 2016-17 on 31.03.2018, by declaring a gross income of Rs.7,71,864/- and total income of Rs.6,11,860/-. The case was selected for limited scrutiny and assessment was framed by the AO by passing an order u/s. 143(3) of the Act on 16.12.2018 by making addition of Rs.4,50,000/- as unexplained cash deposits made during the demonetization period. The arguments of the AR is that, the assessee had sufficient income declared in the return of income which was not disputed by the AO and made an addition of Rs.4,50,000/- to the returned income of the assessee. Further, the AO has erred in adding an amount deposited during the assessment year 2017-18 as income of the assessee in the present assessment year i.e., 2016-17 which is erroneous. The assessee has explained the source for Rs.4,50,000/- which is deposited to the bank account of the assessee during the demonetization period as amount

withdrawn from the AOP during the assessment proceedings for the assessment year 2017-18 and the same had been accepted by the AO and framed the assessment u/s. 143(3) of the Act on 07.12.2019, which was brought to the notice of us. Therefore, considering that the assessee has declared gross income of Rs.7,71,864/- for the AY 2016-17 and the addition of Rs.4,50,000/- made by the AO, which is confirmed by the Id.CIT(A), is related to AY 2017-18, we are of the view that the AO has erred in making the addition of Rs.4,50,000/- for the AY 2016-17. Considering the facts and circumstances of the case, and the other orders of the lower authorities, we are deleting the addition of Rs.4,50,000/- made in the assessment year 2016-17 and allowed the appeal of the assessee.

7. In the result, appeal filed by the assessee is allowed.

Order pronounced in the court on 31<sup>st</sup> July, 2024 at Chennai.

**Sd/-**

(एस एस विश्वनेत्र रवि)

**(S.S. VISWANETHRA RAVI)**

न्यायिक सदस्य/**Judicial Member**

**Sd/-**

(एस. आर. रघुनाथा)

**(S. R. RAGHUNATHA)**

लेखा सदस्य/**Accountant Member**

चेन्नई/Chennai,

दिनांक/Dated, the 31<sup>st</sup> July, 2024

**JPV**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant

2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT – Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF