

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'SMC' Bench, Hyderabad**

**Before Shri Manjunatha, G. Accountant Member**

आ.अपी.सं / **ITA No. 736/Hyd/2024**  
(निर्धारण वर्ष / Assessment Year: 2017-18)

Vanisri Ambati Hyderabad PAN:AEJPA4476P (Appellant)	Vs.	Income Tax Officer Ward 12(1) Hyderabad (Respondent)
निर्धारिती द्वारा / Assessee by:	Advocate A.V. Raghuram	
राजस्व द्वारा / Revenue by::	Shri K.N. Suresh Babu, DR	
सुनवाई की तारीख / Date of hearing:	27/08/2024	
घोषणा की तारीख / Pronouncement:	27/08/2024	

**आदेश/ORDER**

This appeal filed by the assessee is directed against the order dated 06/06/2024 of the learned CIT (A)-NFAC Delhi, relating to A.Y.2017-18.

2. The assessee raised the following grounds:

1. On the facts and in the circumstances of the case, the Id. CIT(A) erred in sustaining the addition of Rs.33,56,050 made by the AO under section 68 of the Act, as unexplained credit in the bank account of the Appellant.
2. The authorities below having accepted the fact that there were huge withdrawals of cash by Appellant since past couple of years to the extent of Rs.34,53,500, could not have rejected the submission of the Appellant that the said cash is available for being deposited into Appellant's bank account during demonetization period.
3. The findings of the Id. CIT(A) that (i) the Appellant should have advanced loans through bank account; (ii) the Appellant failed to produce details of relatives to whom loans were given and that no reasons were offered as to why interest is not charged; and (iii) the Appellant had taken the risk frequently going to bank to deposit cash in small amount rather than depositing the amount at a time by taking assistance from Appellant's husband, are incorrect.
4. On the facts and in the circumstances of the case the Id. CIT(A) having considered the human probabilities failed to appreciate that the Appellant is from a middle-class family and that she could not have spent away hard earned money which was given to her by her husband for the purpose of daughter's marriage.

For these and other ground that may be urged, it is prayed that the appeal may be allowed.

3. The brief facts of the case are that the assessee filed her return of income for the A.Y 2017-18 on 31.5.2017 declaring total income of Rs.10,45,810/- and a net agricultural income of Rs.80,000/- for rate purposes. The case was selected for scrutiny under "limited scrutiny category" to examine the cash deposits made during the demonetization period in the financial year 2016-17. During the assessment proceedings, the Assessing Officer noticed that, as per information available with the data base of the Income Tax Department in ITBA, the appellant has

made cash deposits of Rs.20,90,000/- into Punjab National Bank and Rs.12,66,050/- into State Bank of India during the demonetization period. The Assessing Officer called upon the assessee to explain the source for cash deposits into bank accounts. In response, the assessee submitted that she has received loan from her husband Shri A Venkateshwara Rao for Rs.40.50 lakhs through account payee cheques from his two bank account right from A.Y 2008 and up to financial year 2016-17. She further explained that out of loan received from her husband, she had withdrawn cash from bank and gave loan to known relatives. She further submitted that in the month of October, 2016, she received back the said cash from them for performing their daughter's marriage and since then announcement of demonetization on 8.11.2016, the cash available with her was deposited into her two bank accounts and paid back the loan borrowed from her husband.

4. The Assessing Officer after considering the relevant submissions, rejected the argument of the assessee, for the reasons that, although he did not have any doubts about the receipts of loan from her husband and repayment of said loans post demonetization period, but fact remains that the appellant could not explain the source for cash deposits into bank account with necessary evidences. The Assessing Officer further observed that although the appellant claims to have paid loans to known relatives and received back the amounts in the month of October, 2016, but she failed to give names and addresses, date of giving

loan, mode of payment etc., was not furnished. She had also failed to furnish evidence regarding receiving money back from her relatives. Therefore, considering the cash withdrawal from her bank account and cash deposit into banks during demonetization period, observed that the explanation of the assessee with regard to source for cash deposits is not acceptable. Therefore, rejected the explanation of the assessee and made addition towards cash deposits of Rs.33,56,050/- u/s 68 of the I.T. Act, 1961 and brought to tax u/s 115BBE of the I.T. Act, 1961.

3. On appeal, the learned CIT (A) for the reasons stated in their appellate order dated 6.6.2024 sustained the additions made by the Assessing Officer towards cash deposits u/s 68 r.w.s. 115BBE of the I.T. Act, 1961.

4. Aggrieved by the order of the learned CIT (A), the assessee is in appeal before the Tribunal.

5. The learned Counsel for the assessee submitted that the learned CIT (A) is erred in sustaining the addition made towards cash deposits u/s 68 of the I.T. Act, 1961 without appreciating the fact that the Assessing Officer never disputed the explanation furnished by the assessee with regard to the source for cash deposits. The learned AR further referring to the assessment order passed by the Assessing Officer submitted that the Assessing Officer himself has accepted the fact that the appellant has received loan from her husband. Although, the Assessing Officer

never disputed the fact of loan borrowed from her husband, but erred in not considering the explanation of the assessee with regard to the source even though the amount borrowed from her husband was very much available with the assessee to explain the source of cash deposits into bank accounts. The Assessing Officer by ignoring all evidences filed by the assessee, has simply made addition on the basis of suspicion and surmises. Therefore, he submitted that the additions made by the Assessing Officer towards cash deposits should be deleted.

6. The learned DR, on the other hand, supporting the orders of the authorities below submitted that the assessee could not file relevant names and addresses of the persons to whom she had given loans. The assessee had also not given any details for receipt of money in the month of October, 2016. The Assessing Officer and the learned CIT (A) after considering the relevant facts has rightly sustained the addition made towards cash deposits into bank during the demonetization period and their orders should be upheld.

7. I have heard both the parties, perused the material available on record and gone through the orders of the authorities below. There is no dispute with regard to the cash deposits into bank accounts during demonetization period. In fact, the appellant herself has admitted in her ITR form filed for the A.Y 2017-18 that she had deposited Rs.33,56,050/- into two bank accounts during the demonetization period. It is also not in

dispute that the Assessing Officer never disputed the fact that the appellant has received Rs.40.50 lakhs from her husband right from 2008-09 and up to financial year 2016-17. In fact, the Assessing Officer in the last para of page 3 of the assessment order very categorically admitted that the appellant has received loan from her husband and also repaid loan post demonetization period. However, rejected the explanation of the assessee with regard to the source for cash deposits only on the ground that the appellant could not file relevant names & addresses of persons to whom she had paid money and also evidences for receiving back money from them during demonetization period. The Assessing Officer has discussed the issue at length in light of relevant evidences filed by the assessee, pattern of cash withdrawal from her bank account and amount of cash deposits during the demonetization period into her two bank account maintained with PNB and SBI. According to the Assessing Officer, the appellant could not file sufficient evidences to establish the source for cash deposits of Rs.33,56,050/-.

8. I have given my thoughtful consideration to the reasons given by the Assessing Officer to make the addition towards cash deposits in light of argument of the learned Counsel for the assessee and myself do not subscribe the reasons given by the Assessing Officer for the simple reason that, once the Assessing Officer has not disputed the fact that the appellant has received Rs.40.50 lakhs as loan from her husband through bank accounts, then he ought not to have rejected the explanation

furnished by the assessee to explain the source for cash deposits during the demonetization period. The assessee explained before the Assessing Officer and the learned CIT (A) that she had withdrawn money from her bank account out of loan received from her husband and paid to known relatives as loan and financial help. Since her daughter's marriage was to be performed, she has received back money from her known relatives in the month of October, 2016. Since demonetization was announced in the month of November, 2016, she had deposited cash available with her into bank account and repaid loan borrowed from her husband through proper banking channels. In my considered view, there is sufficient evidences to prove loan borrowed from her husband and repayment of loan to husband during post demonetization period. In fact, the Assessing Officer and the learned CIT (A) have accepted these facts, but both the authorities rejected the explanation of the assessee only on the ground that she could not file relevant evidences to whom she had paid money and received back in the month of October, 2016. In my considered view, there is no dispute with regard to the availability of source to explain cash deposits during the demonetization period. Further, unless the Assessing Officer makes out a case that the available source was deployed for any other purposes like purchase of asset or some expenditure merely for the reasons of not furnishing names and addresses of the persons to whom she had given the amount, the available source in the form of loan borrowed from her husband cannot be rejected. Since the appellant has filed enough evidences to prove

loan borrowed from her husband and this fact was not disputed by the Assessing Officer, in my considered view, the explanation offered by the assessee that she had withdrawn money from her bank account out of loan received from her husband and given to known people and also received back the said amounts in the money of October, 2016 should be accepted. Therefore, I am of the considered view that the Assessing Officer and the learned CIT (A) erred in making addition towards cash deposits of Rs.33,56,050/- during the demonetization period. Therefore, the additions made by the Assessing Officer towards cash deposits u/s 68 of the I.T. Act, 1961 cannot be sustained and thus, I set aside the order passed by the learned CIT (A) and direct the Assessing Officer to delete the addition made towards the cash deposits into bank accounts during demonetization period u/s 68 of the I.T. Act, 1961.

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

Order pronounced in the Open Court on 27<sup>th</sup> August, 2024.

Sd/-

**(MANJUNATHA, G.)  
ACCOUNTANT MEMBER**

Hyderabad, dated 27<sup>th</sup> August, 2024.

***Vinodan/sps***

Copy to:

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2	Income Tax Officer Ward 12(1) Aayakar Bhavan, Opp LB Stadium, Basheerbagh Hyderabad 500004
3	Pr. CIT – Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*