

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES “SMC”, HYDERABAD**

**BEFORE SHRI LALIET KUMAR, JUDICIAL MEMBER**

ITA No.947/Hyd/2024		
Assessment Year: 2017-18		
Saritha Mankal, Zaheerabad, Medak.  PAN : CGJPM8402P	Vs.	The Income Tax Officer, Ward – 1, Sangareddy, Telangana.
(Appellant)		(Respondent)
Assessee by:	Shri K. A. Sai Prasad, C.A.	
Revenue by:	Shri U. Mini Chandran, Sr.AR	
Date of hearing:	14.10.2024	
Date of pronouncement:	14.10.2024	

**ORDER**

**PER LALIET KUMAR, J.M.**

The appeal of the assessee for A.Y. 2017-18 arises from the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dt.16.07.2024 invoking proceedings under section 147 r.w.s. 144 of the Income Tax Act, 1961 (in short, “the Act”).

2. The appeal filed by the assessee is barred by limitation by 7 days. The appellant has moved a condonation petition explaining reasons thereof. We have heard both the parties on this preliminary issue. Having regard to the reasons given in the petition, we condone the delay and admit the appeal for hearing.

2.1 The grounds raised by the assessee read as under :

*“1. The Learned First Appellate Authority, is not justified in conforming addition to the tune of Rs.4,50,000/- as unexplained money u/s.69A made by the Ld.Assessing Officer.*

*2. The Learned First Appellate Authority failed to appreciate the fact that the appellant has filed her return of income u/ s. 139(1) and confirming the proceedings initiated u/ s. 147 on the ground that she has not filed return of income is bad in law.*

*3. The Learned First Appellate Authority, in the facts and circumstances of the case, is not justified in making addition of as unexplained investment u/ s.69A and bringing the same to tax u/ s. 15BBE ignoring the fact that the appellant has sufficient sources.”*

3. The brief facts of the case are that during the previous year relevant to the assessment year 2017-18, assessee had invested an amount of Rs.4,50,000/- in Kapil Chits Pvt. Ltd. Based on the said fact, the jurisdictional Assessing Officer believed that the said amount had escaped from assessment and hence, he issued notice to the assessee u/s 148 of the Act on 28.07.2022. Thereafter, Assessing Officer issued detailed questionnaire vide notice u/s 142(1) of the Act on 17.01.2023. As the assessee did not respond for the same, a show cause notice u/s 144 of the Act dt.17.04.2023 was issued. Subsequently, on 21.04.2023 assessee filed explanation without any supporting documents. Assessing Officer observed that

assessee had not furnished any proper explanation with supporting documents for depositing Rs.4,50,000/- in old notes even though the nationalized and private banks were authorized to accept the old cash notes and hence, inferred that assessee had intentionally avoided to deposit the said amount in the bank account as it was the unaccounted money of the assessee. Finally, Assessing Officer completed the assessment interalia making addition of Rs.4,50,000/- u/s 69A of the Act r.w.s. 115BBE of the Act and passed assessment order on 12.05.2023 u/s 147 r.w.s. 144 r.w.s. 144B of the Act and issued penal proceedings u/s 271AA(C)(1) of the Act.

4. Feeling aggrieved with the order of Assessing Officer, assessee filed an appeal before the Id.CIT(A), NFAC, Delhi, who dismissed the appeal of assessee.

5. Before me, Id.AR submitted that assessee was one of the members of Kapil Chit Funds and that during the period of demonetization, she had deposited cash in old notes amounting to Rs.4,50,000/- out of the funds available with her. The Id.AR further submitted that assessee has sufficient sources to deposit the said amount and that Id.CIT(A) without appreciating the facts, wrongly confirmed addition of Rs.4,50,000/- as unexplained investment u/s 69A of the Act and brought the same to tax u/s 115BBE of the Act and hence, the entire addition made by the Assessing Officer and confirmed by the Id.CIT(A) are required to be deleted.

6. On the other hand, the ld. DR rebutted the arguments made by the assessee. He further submitted that the entire amount deposited by the assessee cannot be considered from out of funds available with her and therefore, the assessee is not entitled to the relief.

7. I have heard the rival submissions and perused the material on record. In the present case, the assessee had deposited a sum of Rs.4,50,000/- during the period of demonetization. Hence, the Assessing Officer issued notice u/s 142(1) of the Act on 17.01.2023 along with a detailed questionnaire. As the assessee did not respond to the said notice, show cause u/s 144 of the Act dt.17.04.2023 was issued. Thereafter, the assessee submitted her reply; however, the Assessing Officer was not convinced with the reply given by the assessee in the absence of supporting documents and as such, he added Rs.4,50,000/- to the income of the assessee under section 69A of the Act r.w.s. 115BBE of the Act and passed assessment order accordingly. Thereafter, assessee filed an appeal, which was subsequently, migrated to the ld.CIT(A), NFAC, Delhi. Before the ld.CIT(A), NFAC, the assessee did not comply with the notices and made no submission in support of grounds of appeal for the reasons best known to her and therefore, the ld.CIT(A) confirmed the addition made by the Assessing Officer holding that assessee failed to substantiate her claim. In my opinion, a balance is required to be drawn between the interests of the assessee as well as the interests of the revenue. However, acknowledging the assessee's explanation that the deposit was from the funds available with her being a

member of the Kapil Chit Fund Group, I find merit in her argument. Balancing the interests of both the assessee and the revenue, the explanation given by the assessee merit consideration, and the amount deposited by the assessee in her account was required to be considered from her previous holdings. However, as pointed by the ld. DR, the whole amount deposited in the bank cannot be accepted to be explained. Considering the totality of the facts, I am of the opinion that the ends of the justice would meet if the addition of Rs.2,00,000/- is confirmed out of the addition of Rs.4,50,000/- under section 69 of the Act on estimation basis, and the remaining amount of Rs.2,50,000/- is deleted. Accordingly, Rs.2 lakhs are confirmed and thereby assessee gets the relief of Rs.2,50,000/- lakhs. Thus, the appeal of the assessee is partly allowed.

8. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the Open Court on 14<sup>th</sup> October, 2024.

Sd/-  
**(LALIET KUMAR)**  
**JUDICIAL MEMBER**

Hyderabad, dated 14<sup>th</sup> October, 2024.

***TYNM/sps***

Copy to:

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2	The Income Tax Officer, Ward – 1, Sangareddy – 502001, Telangana.
3	Prl.CIT, Hyderabad.
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*