

**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. 1014/Hyd/2024**  
(निर्धारण वर्ष / Assessment Year: 2017-18)

Shri Shankar Reddy Enugudala Chittoor PAN:ACIPE8837F	Vs.	Income Tax Officer Ward 1 Madanapalle,
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by: Advocate S Ganesh		
राजस्व द्वारा / Revenue by: Shri Aravindakshan, DR		
सुनवाई की तारीख / Date of hearing: 04 / 11 / 2024		
घोषणा की तारीख / Pronouncement: 04 / 11 / 2024		

**आदेश/ORDER**

This appeal filed by the assessee is directed against the order dated 06/02/2024 of the learned CIT (A)-Addl/JCIT(A)-3 Mumbai, relating to A.Y.2017-18.

2. It is seen that there is a delay of 185 days in filing of this appeal by the assessee. The assessee has filed a condonation petition along with an affidavit explaining the reasons for such delay which is due to no knowledge of computer. After discussing

the matter with the learned DR, the delay of 185 days in filing of this appeal is hereby condoned and admitted for adjudication.

3. The brief facts of the case are that the appellant is an agriculturist and derives income from agricultural activities. The appellant does not have any income which is taxable under the Act, and has not filed his return of income for the A.Y 2017-18. As per the information available with the Department i.e. AIMS (Actionable Information Monitoring System) data, during the financial year 2016-17 relevant to A.Y 2017-18, there are several credits in his bank account held with Sapthagiri Grameena Bank. The assessee did not file return of income for the A.Y 2017-18. Therefore, notice u/s 142(1) of the Act, dated 10/03/2018 was issued calling for the return of income. The Assessing Officer called upon the assessee to explain the source for cash deposits of Rs.3.00 lakhs in Specified Bank Notes (SBNs) during the demonetization period. In response, the assessee vide letter dated 19/12/2019 submitted copies of Pattadar Pass Book, copies of agricultural income, certificate from Tehsildar and few copies of bills for the expenses incurred for agricultural operations and also few copies of sales bills of agricultural produce and claimed that he does not have any income which is taxable under the Act, other than agricultural income which is exempt income u/s 10 of the I.T. Act, 1961. The Assessing Officer after considering the relevant submissions of the assessee observed that the assessee could not explain the cash deposits of Rs.3.00 lakhs during the

demonetization period and thus, made addition u/s 69A r.w.s. 115BBE of the I.T. Act, 1961.

4. On appeal, the learned CIT (A) sustained the addition made towards cash deposits u/s 69A of the I.T. Act, 1961.

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

6. The learned Counsel for the assessee submitted that the assessee is an agriculturist and derives income from agriculture only. The assessee has filed all evidences including agricultural land holding details and bills for sale of agricultural produce. The Assessing Officer and the learned CIT (A) without appreciating the relevant facts simply made addition towards cash deposit of Rs.3.00 lakhs u/s 69A of the Act.

7. The learned DR, on the other hand, supporting the orders of the learned CIT (A) submitted that the appellant could not explain the source for cash deposits made in SBNs during the demonetization period. Therefore, the learned CIT (A) sustained the addition made by the Assessing Officer and their order should be upheld.

8. I have heard both the parties, perused the material available on record and gone through the orders of the authorities

below. The appellant is an agriculturist and does not have any income which is taxable under the I.T. Act, 1961. Agricultural income is exempt from tax u/s 10 of the I.T. Act, 1961. Therefore, the additions made by the Assessing Officer towards cash deposit during demonetization period needs to be examined in light of argument of the assessee that except agricultural income, he does not have any income chargeable under the Act. Admittedly, there are various credits found in the Bank Account held with Sapthagiri Grameena Bank which includes Rs.3.00 lakhs cash deposits during the demonetization period. The Assessing Officer accepted all credits in bank account except cash deposit of Rs.3.00 lakhs during the demonetization period. When the Assessing Officer himself has accepted the fact that out of total credits of Rs.31,42,040/-, Rs.28,42,040/- is derived from agricultural operations, then in my considered view, the Assessing Officer is erred in not accepting the explanation of the assessee with regard to the source for cash deposit of Rs.3.00 lakhs during demonetization period. In my considered view, when the appellant does not have any income other than agricultural income, the source for cash deposit is obviously out of agricultural income only which is not taxable under the Act. Therefore, I am of the considered view that the explanation of the assessee with regard to the source for cash deposits is bonafide and acceptable. Thus, I set aside the order of the learned CIT (A) and direct the Assessing Officer to delete the addition made towards cash deposits u/s 69A r.w.s. 115BBE of the I.T. Act, 1961.

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

Order pronounced in the Open Court on 4<sup>th</sup> November, 2024.

Sd/-

<b>(MANJUNATHA, G.) ACCOUNTANT MEMBER</b>
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Hyderabad, dated 4<sup>th</sup> November, 2024.

***Vinodan/sps***

Copy to:

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3	Pr. CIT – Chittoor
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*