

IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI "SMC" BENCH : MUMBAI

BEFORE SHRI B.R. BASKARAN, ACCOUNTANT MEMBER
AND
SHRI RAJ KUMAR CHAUHAN, JUDICIAL MEMBER

ITA No. 3451/Mum/2024
Assessment Year : 2017-18

Dipika Manish Shah, 51/10, 2 nd Floor, Ranchoddas Villa, Bhaudaji Cross Road, B/H Bhattwadekar HS, Matunga, Mumbai PAN : ALLPS2530D	vs.	Income Tax Officer-20(1)(4), Piramal Chambers, Lalbaugh, Parel, Mumbai.
(Appellant)		(Respondent)

Assessee by : Shri Aakash Kumar
Revenue by : Shri Umesh Chandra Sinha

Date of Hearing : 11/11/2024
Date of Pronouncement : 12/11/2024

PER B.R. BASKARAN, A.M :

The assessee has filed this appeal challenging the order dated 06-05-2024 passed by the Ld.CIT(A), NFAC, Delhi and it relates to the Assessment Year (AY.) 2017-18. The assessee is aggrieved by the decision of Ld.CIT(A) in confirming the addition of Rs.14.00 lakhs relating to the cash deposit made into the bank account of the assessee.

2. The AO noticed that the assessee has deposited cash aggregating to Rs.14.00 lakhs in the form of demonetised currency notes into her bank account. When questioned about the sources, the assessee submitted that the said deposits have been made out of her regular income, past savings and past cash withdrawals made from the bank

accounts. The AO did not accept the said explanations and accordingly assessed the above said amount of Rs.14.00 lakhs as unexplained income of the assessee. The Ld.CIT(A) also confirmed the same. Hence, the assessee has filed this appeal before the Tribunal.

3. The Ld.AR submitted that the assessee has filed her return of income for the AYs.2015-16 and 2016-17 prior to announcement of demonetization, wherein she has shown interest income, income from beautician works etc. The ROI for AY.2016-17 was filed subsequently. Hence, it cannot be said that the assessee did not have income in the earlier years. Further, the assessee has withdrawn cash from her bank account in the earlier years. All these cash were kept as savings and were used to make the impugned deposit of Rs.14.00 lakhs. In this regard, the Ld.AR invited our attention to the cash flow statement and also the copies of returns of income and financial statements filed by the assessee.

4. The Ld.DR, on the contrary, submitted that it is against human probabilities that the assessee has kept cash for more than two years.

5. We heard the parties and perused the record. There is no dispute with regard to the fact that the assessee had filed her returns of income for the AYs.2015-16 and 2016-17 prior to announcement of demonetisation, wherein the assessee has declared total income of Rs.5.10 lakhs and Rs.7.59 lakhs respectively. As per the Statement of affairs as on 31-03-2016, the assessee was having cash balance of Rs.12.62 lakhs as on that date. It is stated that the above said cash along with the income of the year relevant to AY.2017-18 has been used to make cash deposit of Rs.14.00 lakhs into the bank account of the assessee. From the evidences furnished by the assessee, we are of the view that the explanations given by the assessee are reasonable and may be accepted. We notice that the tax authorities have rejected the explanations so given by the assessee without properly examining

copies of returns of income and other financial statements. Further, the AO has not brought on record any material to show that the cash withdrawn from banks earlier and the income of the earlier years have actually been spent away. Under these set of facts, we are of the view that the tax authorities are not justified in rejecting the explanations of the assessee. Accordingly, we set aside the order passed by the Ld. CIT(A) on this issue and direct the AO to delete the impugned addition of Rs.14.00 lakhs.

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

Order pronounced in the open court on 12-11-2024

Sd/-
[RAJ KUMAR CHAUHAN]
JUDICIAL MEMBER

Sd/-
[B.R. BASKARAN]
ACCOUNTANT MEMBER

Mumbai,
Dated: 12-11-2024

TNMM

Copy to :

- 1) The Appellant
- 2) The Respondent
- 3) The CIT concerned
- 4) The D.R, "SMC" Bench, Mumbai
- 5) Guard file

By Order

Dy./Asst. Registrar
I.T.A.T, Mumbai