

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ 'SMC', अहमदाबाद।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“ SMC ” BENCH, AHMEDABAD**

**BEFORE SMT.ANNAPURNA GUPTA, ACCOUNTANT MEMBER**  
**AND**  
**SHRI T.R. SENTHIL KUMAR, JUDICIAL MEMBER**

**ITA No.1485/Ahd/2024**  
**Assessment Year : 2017-18**

Dineshkumar Somabhai Patel 3, Panchamrut Vastuvilla Opp. Murlidhar Partyplot Science City Road, Sola Ahmedabad – 380 060 (Gujarat) <b>PAN: ABXPP 2992 A</b>	Vs	The ITO Ward-4 Mehsana – 384 001
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(Applicant)		(Responent)
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Assessee by	:	Shri Tej Shah, AR
Revenue by	:	Shri Ketan Gajjar, Sr.DR

सुनवाई की तारीख/Date of Hearing : 11/11/2024  
घोषणा की तारीख /Date of Pronouncement: 19/11/2024

**आदेश/ORDER**

**PER ANNAPURNA GUPTA, ACCOUNTANT MEMBER**

The above appeal has been filed by the assessee against the order passed by the Ld.Commissioner of Income-Tax(Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as "ld.CIT(A)] dated 20/06/2024 under section 250 of the Income Tax Act, 1961 ("the Act" for short) pertaining to Assessment Year (AY) 2017-18.

2. The solitary issue, in the present appeal, pertains to addition to the income of the assessee on account of cash found deposited in his

bank account during the demonetization period, the source of which remained unexplained amounting to Rs.32,00,000/-. The ground raised by the assessee is as under:

*“1. The CIT(A) erred in law and in the facts of the case in confirming the order of the AO in making addition of Rs.32,00,000/- being unexplained cash deposits u/s.69A of the Act.”*

2.1. The amount of Rs.32 lakhs is noted in the assessment order to have been deposited in cash in the following bank accounts of the assessee:

Sr.No.	Bank Name	Account No.	Amount (Rs.)
1.	ICICI Bank	182605000296	10,00,000/-
2.	Kukarwada Nagrik Sahakari Bank Ltd.	434001501001506	15,00,000/-
3.	HDFC Bank	50100006927069	7,00,000/-
<b>➤ TOTAL</b>			<b>32,00,000/-</b>

3. At the outset, Ld.Counsel for the assessee pointed out that with respect to the cash of Rs.15 lakhs noted to have been deposited in the Kukarwada Nagrik Sahakari Bank Ltd. bank account of the assessee, rectification application had been filed to the AO pointing out the fact that the amount of cash deposited in the said bank account was only Rs.1.50 lakhs and not Rs.15 lakhs . He pointed out that the AO concurred with this factual mistake in his order and, accordingly, passed a rectification order u/s.154 of the Act, reducing the quantum of addition made to the income of the assessee as a consequence by Rs.13,50,000/- .As a consequence , Rs.32 lakhs added initially by him was restricted to Rs.18.50 lakhs . He contended that this fact was pointed out to the Ld.CIT(A), who ignored the same and went on to

confirm the addition of Rs.32 lakhs. He contended that this act of the Ld.CIT(A) was grossly unjustified and tantamounted to enhancing the income of the assessee without giving any show-cause notice and without any reason or basis at all and, in any case, the addition made on account of bank account of cash deposit of the assessee needed to be restricted to Rs.18.50 lakhs. Besides, the Ld.Counsel for the assessee contended that, even otherwise, the addition confirmed by the Ld.CIT(A) was not justified because he had unjustifiably rejected the cash book presented by the assessee to the revenue authorities explaining the source of cash available with the assessee for depositing in the respective bank accounts.

4. The Ld.DR, on the other hand, contended that all these contentions of the assessee had been duly considered by the Ld.CIT(A) and rejected noting grave discrepancies in the same. He pointed out that before the AO also the assessee has produced the copy of cash book which had been rejected by the AO noting that the assessee had never disclosed any cash balance in any return of income filed in the preceding years. He also pointed out that the Ld.CIT(A) had noted that except for the cash book prepared by the assessee, no documents substantiating the entries in the cash book were filed. Therefore, the Ld.CIT(A) found the evidence furnished by the assessee for the source of the cash deposited in his bank account as unsubstantiated and, thus unreliable. He also pointed out that the Ld.CIT(A) noted from the cash book filed by the assessee that the assessee had explained the source of cash deposit in the impugned year out of cash withdrawals made in previous years as old as four years back ,i.e in the year 2014 and the impugned assessment year before us being AY 2017-18 pertaining to Financial Year ended on 31/03/2017. He

pointed out that the Ld.CIT(A) has also noted the fact that the assessee had no explanation to offer as to why such huge amount was withdrawn from bank and kept in cash for such a long period of time only to be redeposited in bank. He pointed out that the Ld.CIT(A) had noted the improbability of a normal person keeping idle cash of such huge amount for such a long period of time specially when banking facilities were available round the clock. He drew our attention to the findings of the Ld.CIT(A) contained at page No.6 of his order, which read as under:

*“I have perused facts of the case, assessment order of the AO, submission of the appellant and the documents available on record. On perusal of the record, it is seen that the only addition made is in respect of cash credits of Rs.32,00,000/- u/s 69A of the Act.*

*On perusal of the submissions and the documents filed during appellate proceedings, it is observed that the cash flow furnished by the appellant is not substantiated and supported by the books of accounts. As per the observations of the AO, the previous returns filed did not show any cash in hand as the returns were filed in form 2 & 3. The appellant seeks to claim benefit of cash withdrawals made in previous years, as old as 01.04.2014 onwards, which are shown in the alleged cash flow statement. During the course of assessment proceedings even though specifically asked by the AO vide shown cause notice dated 14.10.2019, the appellant did not give any reply as to why the amount withdrawn from the bank account was kept as liquid cash for such a long period of time. Even during the appellate proceedings, the appellant has not been able to justify the accumulation of cash in hand. It is a fact that no prudent businessman would keep the cash idle by keeping it in hand rather than maximizing in the business turnover, especially when the banking facilities are available round the clock and the cash can be withdrawn, as and when required based on the needs. Merely giving a statement without corroborative evidences/documents is not sufficient to explain the source of cash deposits.*

*In view of the above discussion, it is held that the addition made by the assessing officer amounting to Rs.32,00,000/- as unexplained money as per the provisions of section 69A is upheld and the grounds of appeal no.1 & 2 are dismissed.”*

4. We have heard the rival contentions and perused the material available on record. We do not find any merit in the appeal filed by the assessee against the addition made to its income on account of cash found deposited in nits bank accounts to the tune of Rs.32 lacs ,except to the extent of addition to the tune of Rs. 13.50 lacs .For the simple reason that the AO himself has reduced the addition to this extent by passing a rectification order u/s.154 of the Act noting and agreeing with the fact brought to his notice of the incorrect quantum of cash noted to be deposited by the assessee in one of his bank accounts. This fact was brought to the notice of the Ld.CIT(A) , but it seems to have not been taken note of by him since his order reveals no reason for confirming the addition made to the tune of Rs.32 lacs despite the AO having reduced it by Rs.13.50 lacs .Therefore, to this extent, we hold that the Ld.CIT(A) has erred in confirming the addition made to the tune of Rs.32 lakhs when the addition ought to have been confirmed only to the extent of Rs.18.50 lakhs.

Having said so, we further hold that we do not find any merit in the contentions of the Ld.Counsel for the assessee on the merits of the addition made . Undoubtedly the only manner in which the assessee has explained the source of cash deposit in his bank account is by way of furnishing book/cash flow statement, that too, all entries therein being unsubstantiated. Also the primary source of cash deposited in Bank is attributed to cash withdrawn from his bank account almost four years back and no reason has been given by the assessee for holding such huge amount of liquid asset for such a long period of time and redepositing it later. We agree with the findings of the Ld.CIT(A) that it is highly improbable that any person would

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withdraw such a huge amount of cash and retain it for such a long period of time for no reason at all.

In view of the same, we agree with the Ld.CIT(A) that the assessee has given no reasonable explanation of the source of cash deposit in his bank account to the extent of Rs.18.50 lakhs. The addition to this extent made to the income of the assessee is accordingly confirmed by us.

5. In the result, the appeal of the assessee is partly allowed.  
**Order pronounced in the Court on 19<sup>th</sup> November, 2024 at Ahmedabad.**

**Sd/-**  
**(T.R. SENTHIL KUMAR)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(ANNAPURNA GUPTA)**  
**ACCOUNTANT MEMBER**

Ahmedabad, dated 19/11/2024

T.C. Nair, Sr.PS

**आदेश की प्रतिलिपि ञ ग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A) (NFAC), Delhi
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल / Guard file.

आदेशानुसार/BY ORDER,

//True Copy//

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आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad