

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
CHANDIGARH BENCH "SMC", CHANDIGARH**

**HEARING THROUGH: VIRTUAL MODE  
BEFORE: SHRI. VIKRAM SINGH YADAV, ACCOUNTANT MEMBER**

ITA NO. 8/Chd/2024  
Assessment Year : 2017-18

Bahadar Singh C/o PSPCL Office, Sirhind, Fatehgarh Sahib, Punjab-140406	Vs.	The ITO Ward, Sirhind
स्थायी लेखा सं. / PAN NO: ADDPG9031H		
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

Assessee by : Shri Parikshit Aggarwal, C.A  
Revenue by : Shri Vivek Vardhan, JCIT, Sr. DR

Date of Hearing : 08/10/2024  
Date of Pronouncement : 26/11/2024

**Order**

**PER VIKRAM SINGH YADAV, A.M. :**

This is an appeal filed by the Assessee against the order of the Ld. CIT(A)/ NFAC Delhi dt. 13/12/2023 pertaining to Assessment Year 2017-18, wherein the sole issue relates to confirmation of addition of Rs. 15,72,500/- made by the AO under section 69A of the Act.

2. Briefly the facts of the case are that the assessee filed his return of income on 04/08/2017 declaring total income of Rs. 2,78,252/-. Thereafter the case of the assessee was selected for limited scrutiny under CASS and thereafter notice under section 143(2) and 142(1) were issued, and in absence of any compliance so made by the assessee, the assessment proceedings were completed under section 144 wherein the AO brought to tax, an amount of Rs. 15,72,500/- being the cash deposited in the bank account as unexplained money under section 69A of the Act, which on appeal filed by the assessee has been confirmed by the Ld. CIT(A).

3. Against the said findings and the direction of the Ld. CIT(A), the assessee is in appeal before us.

4. During the course of hearing, the Ld. AR submitted that the case of the assessee was selected for limited scrutiny for verification of cash deposited during the Demonetization period and in this regard, copy of the notice issued under section 143(2) dt. 24/09/2018 has been placed on record wherein it talks about case of the assessee have been selected for limited scrutiny for examination (cash deposited during the Demonetization period). It was submitted that as per assessment order, the AO had information in his possession that the assessee had deposited cash of Rs. 15,72,500/- in Punjab & Sind Bank during the Demonetization period. However, the AO did not elaborate the source of the information in his possession while completing the assessment proceeding. In this regard, our reference was drawn to the bank statement of the assessee wherein Rs. 15,00,000/- has been deposited on 07/11/2016 i.e; before the date of Demonetization. It was submitted that since the said amount does not fall within the Demonetization period i.e; between 09/11/2016 to 30/12/2016, the AO has wrongly considered Rs. 15,00,000/- as deposited during the Demonetization period and secondly, the AO was not authorized to verify the said amount beyond the scope of the limited scrutiny which also shows that the AO has passed the assessment order in a mechanical manner without independent inquiry and application of mind.

4.1 It was further submitted that on perusal of the bank statement even the source of the deposit of Rs. 15,00,000/- can be verified as the said amount was withdrawn from the same account earlier on 31/05/2016. It was further submitted that regarding the deposit of Rs. 45,000/- and Rs. 27,500/- on 16/11/2016 and 22/11/2016, the said amount was deposited out of the cash withdrawal made earlier on 07/11/2016 from the same bank account. It was submitted that though the assessee could not produce the bank statement

during the course of assessment proceeding but the bank statement and the necessary explanation thereto were duly submitted during the appellate proceedings before the Ld. CIT(A) who has failed to appreciate the same and has sustained the addition so made by the AO. It was accordingly submitted that the addition so made be directed to be deleted as the assessee has explained the source of cash deposits and in any case, examination of source of cash deposit of Rs. 15,00,000/- was beyond the scope of limited scrutiny and AO without seeking the necessary approval from the competent authority cannot expand the scope of the limited scrutiny and the same is a settled position as held by the various Benches of the Tribunal.

5. The Id. DR is heard who has relied on the order of the lower authorities. It was submitted that inspite of sufficient opportunity provided to the assessee, the assessee has not filed any submission / explanation before the AO resulting in passing of the order under section 144 of the Act. Further he has relied on the findings of the Ld. CIT(A) and submitted that the assessee has failed to explain the source of cash deposit of Rs. 15,00,000/-, secondly, there is no direct nexus established between the cash withdrawn earlier and deposited on 16/11/2016 and 22/11/2016. It was accordingly submitted that the order so passed by the Ld. CIT(A) be confirmed.

6. I have heard the rival contentions and perused the material available on record. The limited issue under consideration relates to source of deposit of Rs 15,00,000/- which was deposited on 07/11/2016, deposit of Rs. 45,000/- on 16/11/2016 and Rs. 27,500/- on 22/11/2016 in the bank account maintained by the assessee with PNB. The quantum of cash deposit and the date of deposit are evident from the bank statement as placed on record and there cannot be any dispute regarding the same. Further, from the perusal of the bank statement, it is equally evident that there was cash withdrawal of Rs 15,00,000/- on 31/05/2016 and cash withdrawal of Rs 1,00,000/- on 7/11/2016. Therefore, the

explanation of the assessee that the source of cash so deposited is out of earlier cash withdrawals during the year itself is found to be reasonable and acceptable in absence of any other adverse material available on record. In the result, I donot find any merit in sustenance of addition of Rs 15,72,500/- and the same is hereby directed to be deleted.

7. In the result, the appeal of the assessee is allowed.

Order pronounced in the open Court on 26/11/2024.

**Sd/-**  
**( VIKRAM SINGH YADAV)**  
**ACCOUNTANT MEMBER**

**AG**

Copy of the order forwarded to :

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT, CHANDIGARH
5. Guard File

By order,  
Assistant Registrar