

**आयकर अपीलीय अधिकरण, विशाखापटणम पीठ, विशाखापटणम**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**VISAKHAPATNAM “DIVISION” BENCH, VISAKHAPATNAM**  
**(HYBRID HEARING)**

**श्री ललित कुमार, न्यायिक सदस्य एवं श्री एस बालाकृष्णन, लेखा सदस्य के समक्ष**  
**BEFORE SHRI LALIET KUMAR, HON’BLE JUDICIAL MEMBER**

**&**

**SHRI S BALAKRISHNAN, HON’BLE ACCOUNTANT MEMBER**

आयकर अपीलसं./I.T.A.No.329/VIZ/2024  
(निर्धारण वर्ष/ Assessment Years: 2017-18)

<b>Gopichand Nimmagadda</b> 59-3-2, Lords Court Apartments 2 <sup>nd</sup> Lane Ashok Nagar Vijayawada – 520010 Andhra Pradesh  [PAN: AATPN3851F]	v.	<b>ACIT – CIRCLE -1(1)</b> Vijayawada Andhra Pradesh
<b>(अपीलार्थी/ Appellant)</b>		<b>(प्रत्यर्थी/ Respondent)</b>

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri MV Prasad, CA
राजस्व का प्रतिनिधित्व/ Department Represented by	:	K. Sandhya Rani, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	22.01.2025
घोषणा की तारीख/Date of Pronouncement	:	06.02.2025

**आदेश /ORDER**

**PER SHRI S BALAKRISHNAN, ACCOUNTANT MEMBER:**

1. This appeal is filed by the assessee against order of Learned Commissioner of Income Tax (Appeals), National Faceless Appeal centre, Delhi [hereinafter in

short “Ld.CIT(A)”] vide DIN & Order No. ITBA/NFAC/S/250/2024-25/1065927107(1) dated 21.06.2024 for the A.Y.2017-18 arising out of order passed under section 143(3) of the Income Tax Act, 1961 (in short ‘Act’) dated 17.12.2019.

2. Brief facts of the case are that, assessee being an Individual deriving income from salary from Government Polytechnic College, Vijayawada and filed his return of income for the A.Y. 2017-18 on 03.08.2017 admitting a total income of Rs.15,85,570/-. Subsequently, the case was selected for limited scrutiny. Thereafter notice under section 143(2) &142(1) of the Act were issued from time to time and called for information from the assessee. In response, assessee filed information through e-filing portal on various dates. The Ld. Assessing Officer [hereinafter in short “Ld.AO”] observed that assessee has deposited Specified Bank Notes [SBN’s] amounting to Rs. 37,00,000/- in Account No. 33431250000607 held with Syndicate Bank, Labbipet Branch during the demonetization period. Further it was also noticed that assessee has deposited an amount of Rs. 1,00,000/- in Syndicate Bank Account No. 33432010014146 on 22.12.2016. During the course of assessment proceedings, assessee explained that the above cash deposits were cash received from the spouse firm as follows: -

*“Cash received from M/s. Anil Scientific Company, D.No. 27-21-33,  
Kaleswara Rao Road, Governor Pet, Vijayawada – 52002, Andhra Pradesh*

(PAN: ACVPN1405F) for which the assessee's wife Smt. Nimmagadda Aruna Kumari is the proprietor. Date of receipts of cash is as below:

<i>Date</i>	<i>Amount</i>
27.06.2016	2,00,000
28.06.2016	3,00,000
27.09.2016	1,10,000
28.11.2016	10,00,000
08.12.2016	25,00,000
22.12.2016	2,00,000
<b>Total</b>	<b>43,10,000</b>

3. It was explained by the assessee that the sources from the spouse firm are on account of sanction of Top-up home loan by State bank of India amounting to Rs.50,00,000/- during the month of May, 2016. This amount was withdrawn by the spouse firm and was paid to the assessee which was deposited into the bank account of the assessee. However, Ld. AO did not accept the contentions of the assessee and made an addition of Rs. 38,00,000/- under section 69A r.w.s. 115BBE of the Act.

4. Aggrieved by the order of the Ld. AO, assessee filed an appeal before Ld.CIT(A). Before Ld. CIT(A) assessee made similar submissions, however, Ld.CIT(A) found the explanation by the assessee not tenable and dismissed the appeal of the assessee.

5. Aggrieved by the order of the Ld. CIT(A), assessee is in appeal before us by raising following grounds of appeal: -

“01. The order of the Assessing Officer though appears to be reasonable it is an erroneous order on account of misrepresentation of facts by the authorized representative of the appellant.

02. It is prayed that the appellant should not suffer on account of mistake committed by the authorized representative which made the Assessing Officer to treat the deposit of Rs.38,00,000 / - as unexplained money u/s.69A r.w.s. 115BBE of the Income Tax Act, 1961 and therefore it is prayed that the order of the Assessing Officer may kindly be annulled to the extent of addition of Rs.38,00,000/-.

03. For these grounds and any other ground / grounds that may be urged at the time of hearing of this appeal, the appellant prays to delete the addition.”

6. The only issue contested by the assessee is with respect to the addition of Rs.38,00,000/- made by the Ld. AO and confirmed by the Ld. CIT(A). On this issue, Ld. Authorised Representative [hereinafter “Ld.AR”] submitted that the assessee has received Top-Up Home Loan from State Bank of India on 16.05.2016 and copy of the sanction letter is placed in Page No. 42 of the paper book. This loan amount was credited to the Joint Account of the assessee with his spouse held with SBI, NRI Branch, Vijayawada on 16.05.2016. However, the Ld.AR further submitted that these amounts were withdrawn on the following dates by the M/s.Anil Scientific Company: -

S.No.	Date	Cheque No.	Amount
1	16.05.2016	662004	40,00,000
2.	23.05.2016	662005	10,00,000
	Total		50,00,000

7. Ld.AR further submitted that these amounts are held in cash by M/s. Anil Scientific Company “being the proprietary concern of the spouse of the assessee” Smt Aruna Kumari Nimmagadda. Ld.AR also submitted the cash book of the proprietary concern in Page Nos. 59 to 77 of the paper book. He further submitted that cash was thereafter paid to the assessee as follows: -

<i>Date</i>	<i>Amount</i>
27.06.2016	2,00,000
28.06.2016	3,00,000
27.09.2016	1,10,000
28.11.2016	10,00,000
08.12.2016	25,00,000
22.12.2016	2,00,000
<b>Total</b>	<b>43,10,000</b>

8. He therefore pleaded that the sources of the cash deposits being explained additions would not be made by the revenue authorities and prayed for deletion of the additions.

9. Per contra, Ld. DR fully supported the orders of the Revenue Authorities.

10. We have heard both the sides and perused the material available on record including the paper book submitted by the assessee. The case of the Ld. AO is that the assessee has deposited cash of Rs. 38,00,000/- in Specified Bank Notes during the demonetization period. However, the contention of the Ld.AR is that the source for such deposits is out of the amount paid by M/s. Anil Scientific Company

which is the proprietary concern of the spouse of the assessee. The spouse of the assessee has received a Top-Up Home Loan on 16.05.2016 which was withdrawn from the month of May, 2016 as follows: -

S.No.	Date	Cheque No.	Amount
1	16.05.2016	662004	40,00,000
2.	23.05.2016	662005	10,00,000
	Total		50,00,000

11. The pleadings of the Ld. AR is that the cash balance was held by M/s. Anil Scientific Company for a period of six months before depositing into the bank account of the assessee during the period of demonetization. On perusal of the cash book of M/s. Anil Scientific Company submitted by the assessee we noticed that the assessee has received the following amounts by way of cash on the respective dates.

Date	Amount	Cash Payment Voucher number
27.06.2016	2,00,000	CP367
28.06.2016	3,00,000	CP368
27.09.2016	1,10,000	CP369
28.11.2016	10,00,000	CP370
08.12.2016	25,00,000	CP371
22.12.2016	2,00,000	CP372
<b>Total</b>	<b>43,10,000</b>	

**12.** Ld. CIT(A) while disagreeing with the submissions made by the Ld.AR observed as follows:

*“4.1. It is claimed by the appellant that Mrs. Nimmagadda Aruna Kumari along with the appellant applied for personal loan SBI home top up term loan of Rs.50,00,000/- vide application dated 11.03.2016 and the same was granted by the SBI by Asst. General Manager, SBI vide sanctioned order dated 11.05.2016. This was credited to SB account held with State Bank of India, NRI branch, Vijayawada bearing a/c.no.10 012228258 on 16.05.2016 standing in the name Nimmagadda Aruna Kumari with co applicant being the appellant, Nimmagadda Gopichand. From the said amount Nimmagadda Aruna Kumari withdrawn an amount of Rs.40,00,000/- and 10,00,000/- on 18.05.2016 and 23.05.2016 respectively. This amount was taken into the business books of M/s.Anil Scientific Company Prop Aruna Kumari Nimmagadda. During the demonetization period, the appellant deposited Rs.10,00,000/-, Rs.25,00,000/- and Rs.2,00,000/- on 28.11.2016, 09.12.2016 and 22.12.20 16 respectively into the Syndicate Bank bearing a/c.no. 33431250000 607.*

*4.2. From the submission of the appellant, it is evident that the home loan was taken for personal purposes by spouse of the appellant which was withdrawn from the bank for the personal use in the month of May 2016. Now, the appellant claims that the same amount was kept with the spouse of the appellant for 6 to 7 months without using it and was not deposited in the bank account of the spouse also. The appellant has provided no documentary evidence and the reason as to why such huge amounts of cash were kept in the home for 6 to 7 months after withdrawing from bank. Admittedly, it was a personal home loan was to be utilized for the said purposes. I do not find much force in this argument of the appellant that the cash withdrawn from the bank was kept at home without utilizing it. The appellant has not been able to substantiate this argument with documentary evidence. Thus, the argument of the appellant cannot be accepted only based on a mere statement and ledger of spouse, which is unaudited. Under the circumstances, I am of the firm view that the sources of cash in hand in the hand of the spouse of the appellant cannot be accepted and it is only an afterthought. Thus, I do not agree with the contentions of the appellant and hold that Ld AO has correctly applied the provisions of section 69A r.w.s 115BBE of the Act. Grounds of the appellant are dismissed.”*

**13.** While perusing the cash book we observe the Voucher Numbers specified in the cash book of M/s. Anil Scientific Company, it is noticed that assessee as an

afterthought has passed these cash entries in favor of the assessee to show the payment of cash to the assessee. We therefore see a pattern of serially continuous voucher numbers in the payments made on alleged various dates by the M/s. Anil Scientific Company for the purpose of justifying the cash deposits. Moreover, as observed by the Ld.CIT(A) we are not convinced to accept the reasoning of the assessee that an amount of Rs. 50,00,000/- which was availed by way of Top-Up Home Loan where EMI has to be deposited on a monthly basis, was held by the assessee unutilized for a period of more than six months. In the light of facts and circumstances of the case as discussed above, we have no hesitation to dismiss the grounds raised by the assessee as we find no infirmity in the order of the Ld.CIT(A). Grounds raised by the assessee are dismissed.

14. In the result, appeal of the assessee is dismissed.

Order pronounced in the open Court on 06<sup>th</sup> February, 2025.

<p>Sd/- (ललित कुमार) (LALIET KUMAR) न्यायिक सदस्य/JUDICIAL MEMBER</p>	<p>Sd/- (एस बालाकृष्णन) (S. BALAKRISHNAN) लेखा सदस्य/ACCOUNTANT MEMBER</p>
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Dated: 06.02.2025  
Giridhar, Sr.PS

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1. निर्धारिती/ The Assessee : **Gopichand Nimmagadda**  
59-3-2, Lords Court Apartments  
2<sup>nd</sup> Lane Ashok Nagar  
Vijayawada – 520010  
Andhra Pradesh
2. राजस्व/ The Revenue : **ACIT – CIRCLE -1(1)**  
Vijayawada  
Andhra Pradesh
3. The Principal Commissioner of Income Tax
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, विशाखापटणम /DR,ITAT, Visakhapatnam
5. The Commissioner of Income Tax
6. गार्डफ़ाईल / Guard file

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आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Visakhapatnam