

IN THE INCOME TAX APPELLATE TRIBUNAL

DELHI BENCH 'SMC': NEW DELHI

**BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER
AND
SHRI AVDHESH KUMAR MISHRA, ACCOUNTANT MEMBER**

ITA No.97/DDN/2023, A.Y. 2017-18

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| Ramesh Chander Mehta House Number 1387, 4 th Floor, Sector 52, Gurgaon, Haryana PAN: AASPM9575E (Appellant) | Vs. | Income Tax officer, Ward 1(3)(3), Income Tax Office, Yogi Bhawan, Ind.Area, Haridwar (Respondent) |
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| Appellant by | Sh. Saurabh Gupta, CA |
| Respondent by | Sh. A.S.Rana, Sr. DR |

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| Date of Hearing | 12/02/2025 |
| Date of Pronouncement | 19/02/2025 |

ORDER

PER AVDHESH KUMAR MISHRA, AM

This appeal for the Assessment Year (hereinafter, the 'AY') 2017-18 filed by the assessee is directed against the order dated 17.11.2023 passed by the Commissioner of Income Tax (Appeals), NFAC, New Delhi [hereinafter, the 'CIT(A)'].

2. Following grounds have been raised in this appeal:

“1. That having regard to the facts and circumstances of the case, the learned CIT(A) has grossly erred in law and on facts in not appreciating the explanation and evidences submitted by the appellant as to the source of the cash deposits in the bank accounts held with ICICI Bank, and treated such deposits as unexplained.

2. That the Learned Commissioner of Income Tax (Appeals) has totally failed to appreciate the facts of the present case wherein complete explanation regarding the source of cash deposited has been provided, instead he has placed reliance on such judicial pronouncements where the respective appellant has not provided any explanation and/or where the applicant was not himself/herself sure about the source of cash deposited.”

3. The relevant facts giving rise to this case are that the assessee has filed his Income Tax Return (hereinafter, the 'ITR') of the relevant year declaring income of Rs.2,43,500/-. The case was picked up for scrutiny. During the course of the assessment proceedings, the Assessing Officer (hereinafter, the 'AO') show caused the assessee for explaining the source of cash deposits aggregating to Rs.15,49,000/- during the demonetization period. The AO, being dissatisfied with the explanation of the assessee that he has sourced the said cash of Rs.15,49,000/- out of his past savings and earlier cash withdrawals from his bank account, treated the said cash as unexplained and taxed the same under section 69A of the Income Tax Act, 1961 (hereinafter, the 'Act'). Aggrieved, the assessee filed appeal before the CIT(A) and got

relief of Rs.2,49,000/-. The addition of Rs.13,00,000/- upheld by the Ld. CIT(A), on this score, is in dispute before us.

4. The Ld. Authorized Representative (hereinafter, the 'AR') submitted that the appellant assessee had sourced cash deposits of Rs.15,49,000/- made during the demonetization period from his cash withdrawals of Rs.9,00,000/- in Sept., 2015, Rs.3,50,000/- in Feb., 2016 and Rs.50,000/- in Sept., 2016 from his bank accounts and past savings over the years. The said withdrawals were claimed to have been done for mediating and settlement of divorce proceeding of his son going in the Hon'ble Court. However, the same did not materialize during the relevant year. The said divorce proceedings materialized subsequently. Hence, the money lying with the appellant assessee was deposited during the demonetization period, an exceptional event happened in the life. The Ld. AR further contended that the assessee, 80 years old, would have definitely saved substantial sum over decades being well employed. Thus, the Ld. AR contended that the bank withdrawals and past savings of the appellant assessee were sufficient to explain the source of cash deposits made during the demonetization period. Accordingly, he prayed for relief.

5. On the other hand, the Ld. Sr. Departmental Representative (hereinafter, the 'Sr. DR') vehemently argued the case emphasizing the details of the orders of the lower authorities and prayed for dismissal of the appeal.

6. We have heard both the parties and have perused the material available on the record. Undisputedly, the appellant assessee was employed in the BHEL and he retired from the post of Dy. Manager from BHEL, Haridwar. He was assessed to tax over the years. Whatever savings in the form of old Rs.500/- and Rs.1000/- with the appellant assessee were deposited in the bank. In view the above facts, discussions and observations, we find merit in the submission of the Ld. AR that the appellant assessee has sourced the cash deposits made during the demonetization period from his bank withdrawals and past savings. Neither the Ld. CIT(A) nor the AO has not brought any material on the record to demonstrate that the above-mentioned cash withdrawals of Rs.9,00,000/- in Sept., 2015, Rs.3,50,000/- in Feb., 2016 and Rs.50,000/- in Sept., 2016 from the bank account were used for some other purposes and the same were not lying with the appellant assessee after non-materialization/settlement of the said divorce proceedings. Hence it cannot be ruled out that the said bank withdrawals are not sourced for cash deposits made during the

demonetization period. We, therefore, set aside the order of the Ld. CIT(A) and delete the addition of Rs.13,00,000/- sustained by him. The appellant assessee gets consequential relief.

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

Order pronounced in open Court on 19th February, 2025

Sd/-
(VIKAS AWASTHY)
JUDICIAL MEMBER

Sd/-
(AVDHESH KUMAR MISHRA)
ACCOUNTANT MEMBER

Dated: 19/02/2025
Binita, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. PCIT
4. CIT(Appeals)
5. Sr. DR: ITAT

ASSISTANT REGISTRAR
ITAT, NEW DELHI