

**IN THE INCOME TAX APPELLATE TRIBUNAL
VISAKHAPATNAM BENCH**

BEFORE

**SHRI LALIET KUMAR, JUDICIAL MEMBER
AND
SHRI BALAKRISHNAN. S, ACCOUNTANT MEMBER**

ITA No.401/VIZ/2024		
Assessment Year: 2017-18		
Kandregula Krishna, Visakhapatnam. PAN : AEQPK8590R.	Vs.	The Assistant Commissioner of Income Tax, Circle – 2(1), Visakhapatnam.
(Appellant)		(Respondent)
Assessee by:		Shri GVN Hari, Advocate.
Revenue by:		Ms. K. Sandhya Rani, Sr.DR.
Date of hearing:		22.01.2025
Date of pronouncement:		04.02.2025

ORDER

PER LALIET KUMAR, J.M.

This appeal is filed by the assessee, feeling aggrieved by the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 19.08.2024 for the A.Y. 2017-18.

2. The grounds raised by the assessee read as under :

“1. The order of the learned Commissioner of Income Tax (Appeals) is contrary to the facts and also the law applicable to the facts of the case.

2. The learned Commissioner of Income Tax (Appeals) is not justified in sustaining the addition of Rs.25,00,000 made by the assessing officer u/s 69A of the Act towards alleged unexplained cash deposits.

3. Without prejudice to the above, the learned Commissioner of Income Tax (Appeals) ought to have held that the assessing officer is not justified in subjecting the aforesaid addition to tax at higher rate u/s 115BBE of the Act.”

3. The brief facts of the case are that assessee filed the return of income declaring total income amounting to Rs. 17,99,630/-. Subsequently, the case was selected under CASS for limited scrutiny. During the course of assessment proceedings, the assessee was issued notice u/s 142(1) & show-case notice. In response to the same, the assessee has furnished partial information. On perusal of the documents furnished, the AO came to the conclusion that the assessee had made cash deposits amounting to Rs. 25,00,000/- in his savings bank account bearing no. 30495704226 in State Bank of India and not offered any taxation for the said transactions. Thereafter, the Assessing Officer completed the assessment u/s 143(3) of the Act inter alia making addition of Rs.25,00,000/- u/s 69A of the Act and assessed the total income at Rs. 42,99,630/-. Accordingly, passed assessment order on 18.11.2019.

4. Aggrieved with such assessment order, the assessee has filed the appeal, before the LD.CIT(A), who dismissed the appeal of the assessee.

5. Aggrieved with the order of LD.CIT(A), the assessee is now in appeal before us.

6. Before us, the ld.AR submitted the addition made by the Assessing Officer was unwarranted as the cash deposits were sourced from the sale of immovable property in Subbavaram, Visakhapatnam District. The assessee also submitted Sale deed documents substantiating the said transaction during assessment proceedings. The ld.AR further submitted that assessee being the eldest member of a joint family, retained cash to meet family and medical expenses, including the treatment of a younger brother who passed away on 06.11.2016, due to a lung infection. In support of the same, the assessee also filed death certificate of his brother. It was further contended that the delay in depositing cash was due to the need to retain funds for emergencies which is a common practice in joint family settings. The ld.AR further contended that the contention of the assessee that hospitals generally accept card or cheque payments was not reasonable. He submitted that the source of the cash deposits was adequately explained and supported by documentary evidence and hence, the

same addition made by the Assessing Officer and confirmed by the LD.CIT(A) be deleted.

7. On the other hand, the Ld.DR relied upon the orders of lower authorities.

8. We have heard the rival submissions and perused the material on record. It is an undisputed fact that the assessee had deposited a sum of Rs. 25,00,000/- in his bank account during the demonetization period. The key issue in this case is whether the said cash deposits can be treated as unexplained money under Section 69A of the Income Tax Act, 1961. During the assessment proceedings, the Assessing Officer noted that the assessee failed to provide a satisfactory explanation regarding the source of the cash deposits despite being given multiple opportunities. The AO observed that the nature and source of the deposits remained unsubstantiated and that the assessee's claim of holding the cash for medical purposes lacked supporting evidence. Consequently, the AO invoked the provisions of Section 69A of the Act and treated the cash deposits of Rs. 25,00,000/- as unexplained money. The LD.CIT(A), upon appeal, upheld the addition, emphasizing that the assessee failed to produce corroborative documentary evidence during both the assessment and appellate proceedings.

9. Here we have also perused the details given by the assessee while giving reply on 27.06.2019 to the notice u/s 142(1) of the Act during the course of assessment proceedings. The details are as follows :

CASH STATED TO HAVE BEEN RECEIVED FROM SALE OF PLOTS

S.No.	Date	Dmt. No.	Plot No.	Area .Sq.y	Amount of cash received from sale of plot
1	25.01.2016	213/PG	65, 66	623	Rs.6,21,500/-
2	06.07.2016	2754/SV	123, 124	197	Rs.2,76,000/-
3	06.07.2016	2753/SV	125, 126	163	Rs.2,30,000/-
4	06.07.2016	2755/SV	127, 128	132	Rs.1,85,000/-
5	24.09.2016	2648/SV	88	167	Rs.3,33,500
Total					Rs.16,46,000

DETAILS OF CHEQUES DEPOSITED IN SBI STATED TO HAVE BEEN RECEIVED FROM SALE OF PLOTS AND SUBSEQUENT CASH WITHDRAWAL.

S.No.	SB account no. of SBI, Visakhapatnam	Deposited by cheque / cash	Date of deposit / withdrawals	Amount of deposit (Rs.)	Amount of cash withdrawals.
1	30495704226	Cheq no.486459	01.03.2016	4,77,000	-
2	30495704226	Cheq no.486457	03.03.2016	4,48,000	
3	30495704226	Cheq no.486458	18.04.2016	5,59,000	
4	30495704226	Cheq no.845973	18.04.2016	6,40,000	
5	30495704226	Cheq no.845972	18.04.2016	4,32,000	
6	30495704226	Cheq no.845974	11.03.2016		6,00,000
7	30495704226	Cash withdrawal	18.03.2016		6,00,000
8	30495704226	Cash withdrawal	30.03.2016		1,50,000
9	30495704226	Cash withdrawal	01.06.2016		2,00,000
10	30495704226	Cash deposit	22.07.2016	2,00,000	
11	30495704226	Cash deposit	10.10.2016	5,00,000	
12	30495704226	Cash withdrawal	10.10.2016		1,00,000
				36,79,500	16,50,000

10. However, upon careful consideration of the details submitted by the assessee, in the tabular form, reproduced hereinabove, we find that the addition made by the AO and sustained by the LD.CIT(A) is unsustainable because the assessee has provided documentary evidence, including a sale deed and details of cash received from the sale of plots. The table reflects that the assessee received Rs. 6,21,500/- on 25.01.2016 from the sale of plots 65 and 66, Rs. 6,91,000/- on 06.07.2016 from the sale of plots 123, 124, 125, 126, 127, and 128, and Rs. 3,33,500/- on 24.09.2016 from the sale of plot 88, resulting in a total cash receipt of Rs. 16,46,000/-. Furthermore, the assessee also furnished details of cheque deposits in the SBI account and subsequent cash withdrawals, which substantiate the availability of funds. The records indicate that multiple cheque deposits were made between 01.03.2016 and 18.04.2016, amounting to Rs. 25,56,000/-, while cash withdrawals on various dates, including withdrawals of Rs. 6,00,000/- on 11.03.2016 and 18.03.2016, Rs. 2,00,000/- on 01.06.2016, and Rs. 1,00,000/- on 10.10.2016, totaled Rs. 16,50,000/-.

11. While the AO and LD.CIT(A) raised doubts regarding the time gap between the sale of the property and the cash deposits, the assessee's explanation that the funds were retained to meet family and medical emergencies is plausible. The death certificate of the assessee's younger brother, who required medical treatment, further supports this contention. The AO's observation

that hospitals generally accept cheques or card payments does not negate the assessee's explanation, as emergency situations often necessitate cash transactions.

12. Considering that the cash deposits are reasonably explained with supporting evidence and no contrary material has been brought on record by the lower authorities, we hold that the addition made by the Assessing Officer and confirmed by the LD.CIT(A) is not justified. Accordingly, the addition of Rs. 25,00,000/- is deleted, and the appeal of the assessee is allowed.

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

Order pronounced in the Open Court on 4th February, 2025.

Sd/- (BALAKRISHNAN S.) ACCOUNTANT MEMBER	Sd/- (LALIET KUMAR) JUDICIAL MEMBER
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Visakhapatnam, dated 04.02.2025.

TYNN/sps

Copy to:

S.No	Addresses
1	Venkata Suryanarayana Viswanadham, E-101, Aditya Empress Towers, Shaikpet Nala, Tolichowki, Golconda Post, Hyderabad – 500008, Telangana.
2	The Income Tax Officer, Ward 1, Vijayanagaram.
3	Prl.CIT, Visakhapatnam
7	DR, ITAT, Visakhapatnam Bench.
8	Guard File

By Order