

आयकरअपीलीयअधिकरण, 'सी' न्यअपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL 'C' BENCH, CHENNAI**  
श्रीएबीटीवर्की, न्यअधिकसदस्यएवंश्रीएस.आर.रघुनअथ लेखअसदस्यकेसमक्ष  
**BEFORE SHRI ABY T VARKEY, HON'BLE JUDICIAL MEMBER AND  
SHRI S. R. RAGHUNATHA, HON'BLE ACCOUNTANT MEMBER**

आयकरअपीलसं./**ITA No.: 1846/Chny/2024**

निर्धारणवर्ष / Assessment Year: 2012-13

**Ramanathan Girish,**  
F7/42, Gogulam Road,  
Fairlands, Salem – 636 016.

**Income Tax Officer,**  
v. Ward-1(6),  
Salem.

**[PAN: AAZPG-5550-E]**

(अपीलअर्थी/Appellant) (प्रत्यर्थी/Respondent)

अपीलअर्थीकीओरसे/Appellant by

: Mr. T. Vasudevan, Advocate

प्रत्यर्थीकीओरसे/Respondent by

: Mr. R. Clement Ramesh Kumar, CIT  
& Ms. Anitha, Addl.CIT

सुनवाईकीतारीख/Date of Hearing : 13.02.2025

घोषणाकीतारीख/Date of Pronouncement : 21.02.2025

**आदेश / O R D E R**

**PER S. R. RAGHUNATHA, ACCOUNTANT MEMBER:**

This appeal by the assessee is filed against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, for the assessment year 2012-13 vide order dated 13.06.2024.

2. The assessee raised the following grounds of appeal:

*1. The order of the Commissioner of Income Tax(Appeals) NFAC dismissing the appeal is contrary to law, erroneous and unsustainable on the facts of the case.*

**I. JURISDICTION :**

2. The CIT(A) NFAC erred in confirming the reopening of assessment u/s.148 of the Act.

3. The CIT(A) NFAC failed to appreciate that there was no escaping assessment in the file of Individual status, since the cash deposits in the bank account pertain the HUF business and duly returned in HUF status and hence the reopening in Individual status was untenable in law.

4. The CIT(A) NFAC further failed to appreciate that there is improper recording of satisfaction for issuing notice u/s.148, in as much, the entire income from business is assessed in HUF status and hence the reopening is not accordance with law.

5. The CIT(A) NFAC, in any event, ought to have seen that there was no reason to believe that income had escaped assessment, while the alleged income was offered and assessed to tax in different status and thus held that there was absence of jurisdiction for reopening.

## **II MERITS OF ADDITION :**

6. The CIT(A) NFAC erred in confirming the addition of Rs.69,75,000/- as unexplained money u/s.69A of the Act.

7. The CIT(A) NFAC failed to appreciate that the cash deposits in the bank accounts was relatable to the business carried on by assessee-HUF and was assessed under PAN : AACHR0018P and hence the addition in Individual status was unjustified

8. The CIT(A) NFAC further failed to appreciate that the bank account maintained for HUF business was not identified with a separate PAN during the relevant period and this cannot be a reason for including the HUF income in the Individual assessment.

9. The CIT(A) NFAC having not disputed the existence of business of the HUF and the income returned in HUF status, was not justified in confirming the addition in Individual hands.

10. The CIT(A) NFAC had not expressly rejected the submissions of assessee on the income returned in HUF and hence the addition confirmed in Individual hands is only on surmises and conjecture and is to be deleted.

11. The CIT(A) NFAC, in any event, ought to have seen that the cash deposits pertain to the HUF business and is to be considered only in that status and the addition in Individual status is improper and unsustainable on the facts of case.

3. The brief facts of the case are that, the assessee is an individual engaged in the business of commission and also earning salary from M/s.Sri Andal and Co. and had not filed the return of income for the A.Y.2012-13. The Assessing Officer found that the assessee has made a cash deposit of Rs.69,75,000/- in his bank account and issued a notice u/s. 148 of the Income-tax Act, 1961 (hereinafter referred to as "the Act")dated 27.03.2019, based on the reason to believe that income chargeable to tax has escaped assessment. In response to the notice, the assessee has filed return of income admitting total income of Rs.9,27,760/- on 30.03.2019. Subsequently, the statutory notices were issued for scrutiny assessment to the assessee and called for the details in support of return of income filed and the cash deposits made. In response to that, the assessee stated that cash deposits mentioned in the notice is related to the case of assessee's HUF status, which has filed return of income separately with the PAN - **AACHR0018P** and filed the statement of computation before the Assessing Officer. However, the Assessing Officer was satisfied with the reply filed and noted that the turnover shows in the financials of HUF was only Rs.22,43,718/-, which is not sufficient for the cash deposit

of Rs.69,75,000/- and made an addition of the same u/s. 69 of the Act by holding as under:

*As mentioned above, the assessee simply mentioned that this cash deposit is reflecting in HUF status. On going through the details filed by the assessee, it was found that the assessee has simply included the account balance of above mentioned accounts in balance sheet of HUF. The HUF has a total turnover of Rs.22,43,718/- and the accounts in question are not related to HUF at all. The records obtained from bank also prove the same. Therefore, the explanation of the assessee was rejected and a show cause notice was issued on 22.11.2019 giving one more opportunity to the assessee asking the sources for cash deposits of Rs.69,75,000/- and sources for credit card payments etc. In response, the assessee's AR Sri R. Gopal appeared and filed a letter on 04.12.2019 giving the same explanation as mentioned above and there was no word regarding sources for cash deposits made during the F.Y.2011-12. This is not satisfactory.*

*The sources for cash deposits of Rs.69,75,000/- are not furnished so this amount of Rs.69,75,000/- is treated as unexplained money from unexplained sources and is added in the taxable income. Hence, the assessment is completed by making addition of Rs.69,75,000/- u/s 69A in the returned income.*

*The revised total income is computed as under:*

<i>Total income admitted</i>	<i>:Rs. 9,27,760/-</i>
<i>ADD: Addition stated as above</i>	<i><u>Rs. 69,75,000/-</u></i>
<i>Assessed total income</i>	<i><u>Rs. 79,02,760/-</u></i>

Aggrieved by the order of the Assessing Officer, the assessee preferred an appeal before the Ld.CIT(A), NFAC.

4. Before the Ld.CIT(A), the assessee filed the detailed written submissions along with the details of return of income, financial statements and cash book of the assessee's HUF and stated that the bankers have wrongly uploaded the PAN of his

individual capacity to the bank account held and operated by the HUF for its business transactions. Further, the assessee filed the details of bank account held by ING Vysya Bank and Axis Bank of the HUF which is shown in the financials of the HUF as on 31.03.2012 as well as 31.03.2013 by explaining the transactions and cash deposits made in such account. Therefore the assessee stated that these transactions does not belong to the individual and actually recorded in the books of accounts of the HUF and shown in their respective financials filed along with the return of income for the impugned assessment year. However, the Ld.CIT(A) was not satisfied with the explanation and confirmed the addition made by the Assessing Officer by holding as under:

**"4.DECISION:**

*Having considered the appellant's submission and the facts of the case, I hold the following: The appellant had made cash deposits of Rs.69,75,000/- during AY 2012-13. Ongoing through the submissions filed by the appellant, it was found that the appellant has simply included the account balance of his accounts in balance sheet of HUF.The HUF has a total turnover of Rs.22,43,718/- and the accounts in question are not related to HUF at all. The records obtained from the bank also prove the same.*

*Further, regarding the cash deposit of Rs.69,75,000/- for the year 2012-13, the appellant has failed to give any satisfactory explanation about the nature and source of the deposit. So, I have no reason to interfere with the addition of Rs.69,75,000/- u/s. 69A of the Act made by the Assessing Officer.*

*4.1 In view of the above, the appeal of the appellant is **dismissed.**"*

Aggrieved by the order of the Ld.CIT(A) the assessee is before us.

5. The Id.AR of the assessee stated that the Ld.CIT(A) has erred in confirming the addition made by the AO even though the assessee has submitted by explaining the entire details of the cash deposits into bank accounts of the HUF, which was part of the assessment records also. The Id.AR for the assessee stated that the Ld.CIT(A) has not disputed the existence of the business of the HUF ( R.Ramanathan & son HUF) and income returned in HUF status and hence the addition of confirmed is not justified. The Id.AR submitted that the paper book before us consisting of 79 pages having the details of cash flow statement, Cash book, Axis bank statement, Profit and loss account, Balance sheet for the A.Y. 2012-13, (from 01.04.2011 to 31.03.2012), along with PAN of the HUF and Individual separately. The Id.AR pointed out that the bank account referred by the AO is relating to the HUF operations maintained separately and the banker's have wrongly attached the PAN of the individual in the bank records based on the KYC of the individual who is operating the bank account in the capacity of Karta of HUF. Further, the Id.AR

took us through the bank accounts held at ING Vysya bank and Axis Bank in the name of HUF shown in the balance sheet of the HUF as on 31.03.2012 correlating with the transactions of the bank pass sheet to confirm that the cash deposits made to the tune of Rs.69.75 Lakhs for the A.Y. 2012-13 is in respect of the business transactions of HUF. Further, the Id.AR furnished the financial statements of the individual also to demonstrate that these bank accounts are not part of the individual accounts. Thus, the Id.AR prayed for deleting the additions by setting aside the order of the Ld.CIT(A).

6. Per contra, the Id.DR supported the orders of the lower authorities and prayed for confirming the same.

7. We have heard the rival contentions perused the material available on record and gone through the orders of lower authorities below. Admittedly the assessee is an individual had not filed his return of income for the A.Y. 2012-13. The AO based on the information obtained found that the cash deposit of Rs.69.75 Lakhs has been made into the bank accounts during the impugned assessment year and reopened the assessment of the assessee. During the assessment proceedings, the assessee had stated that these bank accounts

do not belong to the assessee and the cash deposits are made into bank account in his HUF status. The AO was not convinced with the reply filed by the assessee and made an addition of Rs.69.75 Lakhs to his returned income u/s.69A of the Act by passing an order u/s.147 of the Act. The Id.CIT(A) was pleased to confirm the same.

8. On perusal of the paper book filed by the Id.AR, we note that as per the Profit and loss account filed the assessee's HUF has carried out the business with a turnover of Rs.22.43 Lakhs for the A.Y. 2012-13 and has shown a net profit of Rs.2.19 Lakhs. In support of the cash deposit made into bank accounts, the assessee has filed a Cash book, Cash flow statement along with the bank account statements of HUF. Further, on perusal of the Balance sheet of the HUF, both the bank accounts (ING Vysya and Axis Bank) referred by the AO are being reflected as on 31.03.2022. We note that the bank authorities have wrongly attached the PAN of the individual to the bank account opened and used for the business operations of the HUF status and hence the cash deposits made by HUF have been reflected in the individual capacity. Therefore, we are of the considered view that these cash deposits are related to the business operations of the HUF. However, the turnover

shown in the profit and loss account filed in HUF status is only Rs.22.43 lakhs during the A.Y. 2012-13 when compared to cash deposit of 69.75 Lakhs into the bank account.

9. In the present facts and circumstances of the case, we remit the issue back to the files of AO for verification and direct the AO to delete the additions if cash flow statement filed by the assessee is found correct. Needless to say that the assessee to be diligent in providing the required documents to the AO as and when called for.

10. In the result the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 21<sup>st</sup> February, 2025

Sd/-

Sd/-

(एबीटीवर्की)

(**ABY T VARKEY**)

न्यायिकसदस्य/**Judicial Member**

(एस. आर.रघुनाथा)

(**S. R. RAGHUNATHA**)

लेखासदस्य/**Accountant Member**

चेन्नई/Chennai,

दिनांक/Dated, the 21<sup>st</sup> February, 2025

**JPV**

आदेशकीप्रतिलिपिअग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT – Madurai /Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF