

IN THE INCOME TAX APPELLATE TRIBUNAL
NAGPUR BENCH, NAGPUR

BEFORE SHRI V. DURGA RAO, JUDICIAL MEMBER

SMC MATTER

ITA no.150/Nag./2024
(Assessment Year : 2017-18)

Rameshkumar Parasdas
34, Arihant Jalaram Nagar
Old Bhandara Road, Nagpur 440 008
PAN – AABHR2672A

..... Appellant

v/s

Income Tax Officer
Ward-4(3), Nagpur

..... Respondent

Assessee by : Shri Rachit Thakar
Revenue by : Shri Abhay Y. Marathe

Date of Hearing – 30/01/2025

Date of Order – 25/02/2025

ORDER

This appeal by the assessee is against the impugned order dated 20/12/2023, passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, [*learned CIT(A)*], for the assessment year 2017-18.

2. The assessee has raised following grounds:-

"That the assessing officer grossly erred in Law and Fact adding entire amount of Rs.11,00,000 Under Section 69A in as much as documentary evidence in support of contention were e-filed. The addition be deleted. That under the facts and circumstances the learned assessing officer was not justified in not appreciating the facts and circumstances and documentary evidence submitted during assessment proceedings the addition be deleted or considerably modified taking in to consideration full facts of the case."

3. Facts in Brief:– The assessee is a Hindu undivided Family. This appeal is filed by present Karta Shri Ashish Rameshkumar Agrawal, HUF on behalf of the then Karta of Late Shri Rameshkumar Parasdas, HUF. For the year under consideration, the assessee filed its return of income on 30/08/2017, declaring total income of ₹ 2,67,520. The case is selected under limited scrutiny for "*cash deposited during demonetisation period*". Statutory notices were issued by the Assessing Officer which were served upon the assessee. As stated by the Assessing Officer in his assessment order, it is pertinent to note that the assessee, in response to the notices issued, online submitted the copy of return of income, copy of computation of income, details of investments and its sources, unsecured loan confirmation, details of bank accounts, details of cash deposits along with sources and supportive documentary evidences. On verification of submission, record, bank statement the Assessing Officer noticed that the assessee deposited demonetisation currency notes (SBN) for ₹ 11,00,000, on 15/12/2016 in the bank account maintained at Punjab National Bank, bearing account no 0813000100155011. The Assessing Officer, on the basis of material available on record, completed assessment by making addition of ₹ 11,00,000, stating that the purpose of cash withdrawal is not mentioned by the assessee and no proper explanation for the source of cash deposited in the bank were furnished.

4. On appeal, the learned CIT(A) confirmed the assessment order passed by the Assessing Officer. While dismissing the appeal filed by the assessee, the learned CIT(A) observed as under:–

"5.2 The addition made by the Assessing Officer and the submissions of the appellant have been perused. It is seen from the assessment order that the appellant failed to explain the huge cash of Rs. 11,00,000/- kept as cash in hand, when the appellant was receiving interest which is deposited in bank and unsecured loans are given in the form of cheques. It is also to note that the appellant's income during the year under consideration is 2,67,520/- and the source of income stated to be other sources only as per returns of income filed. It clearly shows that the amount so deposited does not belong to the HUF or it may be undisclosed income of the appellant. In view of the above, the appellant failed to discharge the onus lied upon him in proving cash deposit of Rs.11,00,000/- made in its bank account. In view of the above, the addition made by the AO is sustained and grounds raised in this regard are dismissed."

The assessee being aggrieved by the order so passed by the learned CIT(A), is in further appeal before the Tribunal.

5. Before me, the learned A.R. appearing for the assessee submitted that despite the assessee had furnished all the necessary documentary evidences before the Assessing Officer which were relevant to the issue under consideration, however, the Assessing Officer chose to ignore such documents which resulted in addition of ₹ 11 lakh. He thus prayed that the addition be deleted on the basis of documentary evidences furnished.

6. The learned Departmental Representative relied on the order of the authorities below.

7. I have heard the rival arguments, perused the material available on record and gone through the orders of the authorities below. Here, I noticed

that the assessee is a HUF and its then Karta Rameshkumar Parasdas Agrawal expired on 22/11/2018. The assessee maintains memorandum of Assets and Liabilities year wise and filed the return of income regularly in time since the assessment year 1998-99. I further note that the assessee during the demonetization period deposited ₹ 11 lakh on 15/12/2016 out of cash balance maintained by him in the regular course, as per statement of affairs and details are maintained by him in his own handwriting. I further note that the entire cash deposit was withdrawal from bank which could be seen from the bank account and statement of affairs already furnished by the assessee and are available on record from the respective financial year 2011-12 to 2016-17. As stated by the learned Authorised Representative that the members of the HUF are regularly assessed to tax on their separate individual income since last many years prior to the year 1998-99. The copies of Bank accounts in support of withdrawals, copies of Balance Sheet and Capital Account maintained by the late Rameshkumar then Karta in his own Hand writing were also furnished during the course of assessment proceedings and are placed on record. Keeping in view the overall facts and circumstances as enumerated above, we are of the considered opinion that the learned CIT(A) was not justified in making addition of ₹ 11 lakh under section 69A on account of unexplained money. Consequently, the impugned order passed by the learned CIT(A) is hereby set aside and hereby delete 50% (₹ 5,50,000) of the total addition made by the Assessing Officer depending upon the past savings and keeping in view the old age of the then Karta of Late Shri Rameshkumar

Parasdas, HUF and balance 50% (₹ 5,50,000) of the total addition is added as business income only. Thus, the assessee gets part relief of 50%.

8. In the result, assessee's appeal stands partly allowed.

Order pronounced in the open Court on 25/02/2025

NAGPUR, DATED: 25/02/2025

**Sd/-
V. DURGA RAO
JUDICIAL MEMBER**

Copy of the order forwarded to:

- (1) The Assessee;
- (2) The Revenue;
- (3) The PCIT / CIT (Judicial);
- (4) The DR, ITAT, Nagpur; and
- (5) Guard file.

Pradeep J. Chowdhury
Sr. Private Secretary

True Copy
By Order

Sr. Private Secretary
ITAT, Nagpur