

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

**BEFORE SHRI INTURI RAMA RAO, AM  
AND SHRI SOUNDARARAJAN K., JM**

**ITA No. 714/Coch/2024  
Assessment Year: 2020-21**

Joy Thomas ..... Appellant  
Chitra Kozha  
Kuravilangadu, Kottayam 686633  
[PAN: ACXPT6745J]

vs.

The Income Tax Officer - Ward -1 ..... Respondent  
Shastri Road, Kottayam 686001

Appellant by: Shri Venkitachalam, CA  
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 04.02.2025  
Date of Pronouncement: 25.02.2025

**ORDER**

**Per: Inturi Rama Rao, AM**

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)], dated 18.06.2024 for Assessment Year (AY) 2020-21.

2. Brief facts of the case are that the appellant is an individual deriving income under the heads “business” and “agriculture”. The return of income for AY 2020-21 was filed declaring total income of Rs. 24,95,020/-. Against the said return of income, the assessment

was completed by the Income Tax Officer, Ward-1, Kottayam (hereinafter called "the AO") vide order dated 23.09.2022 passed u/s. 143(3) r.w.s 144B of the Income Tax Act, 1961 (the Act) at a total income of Rs. 1,13,78,620/-. While doing so, the AO made addition of cash deposit of Rs. 63,71,381/- in bank account as unexplained money of the assessee, rejecting the explanation of the appellant that the cash deposits were out of sale proceeds of agricultural products. The AO also made addition of Rs. 16,00,219/- as unexplained money of the appellant, rejecting the explanation that the cash deposits of Rs. 16,00,219/- was made out of interest collected from three parties, viz., Dr. Cyriac Mathew, Dr. Abraham P.E. and Shri Jophy Joseph, J.J. The AO made addition of Rs. 9,12,000/- being the interest expenditure paid in cash invoking the provisions of section 40A(3) of the Act.

3. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order confirmed the action of the AO.

4. Being aggrieved, the appellant is in appeal before us in the present appeal.

5. The learned A.R. submitted that the lower authorities have failed to consider the cash withdrawals of 29,74,000/- made during the previous year relevant for the assessment year. It is further submitted that the appellant was cultivating cardamom plantation on 142 acres of land. He further submitted that the mere fact that the

appellant had not shown agricultural income cannot be a reason to disbelieve the explanation of the assessee in support of cash deposit placing reliance on the decision of the Hon'ble coordinate bench in the case of Laigy George Pattanayil v. ITO [2019] 55 CCH 0093. As regards to the disallowance u/s. 40A(3) it is submitted that interest expenditure was paid to the close friend, which are covered by exceptions enumerated under rule 6DD of the I.T. Rules. Therefore, he prayed that the matter may be remanded for de novo assessment in accordance with law.

6. On the other hand, the learned Sr. DR has no serious object to the contentions of the assessee.

7. Having heard the rival submissions, we are of the considered opinion that it is a fit case to remand the matter to the AO for de novo assessment, as the AO as well as the CIT(A) failed to consider the withdrawals made from the bank account for the purpose of subsequent deposit in the same account. Further, we find that the AO failed to examine the exceptions enumerated under Rule 6DD of the I.T. Rules before invoking section 40A(3) of the Act, and also keeping in mind that merely because the appellant had failed to show agricultural income cannot be a reason to reject the explanation that the cash deposits were made out of sale proceeds of cardamom. Accordingly we remit the matter back to the file of the AO for de novo assessment in accordance with law after affording

reasonable opportunity of hearing to the appellant. All the contentions raised by the appellant are kept open before the AO.

8. In the result, appeal filed by the appellant stands allowed for statistical purposes.

Order pronounced in the open court on 25<sup>th</sup> February, 2025.

Sd/-  
**(SOUNDARARAJAN K.)**  
**JUDICIAL MEMBER**

Sd/-  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Cochin, Dated: 25<sup>th</sup> February, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

Assistant Registrar  
ITAT, Cochin