

**IN INCOME TAX APPELLATE TRIBUNAL  
“B” BENCH : BANGALORE**

**BEFORE SHRI. LAXMI PRASAD SAHU, ACCOUNTANT MEMBER  
AND SHRI. PRAKASH CHAND YADAV, JUDICIAL MEMBER**

|                           |
|---------------------------|
| ITA No.2097/Bang/2024     |
| Assessment Year : 2017-18 |

|  |     |                                      |
|--|-----|--------------------------------------|
| Smt. Meharunnisa,<br>No.16/B, 2nd Cross,<br>Journalist Colony,<br>Bangalore – 560 002.<br><b>PAN :AAPPM 9643 L</b> | Vs. | ITO,<br>Ward –5(2)(2),<br>Bangalore. |
| <b>APPELLANT</b>   |     | <b>RESPONDENT</b>                    |

|             |   |   |
|-------------|---|---|
| Assessee by | : | Shri. G. Sathyanarayana, CA                                       |
| Revenue by  | : | Shri. Ganesh R. Ghale, Advocate, Standing<br>Counsel for Revenue. |

|                       |   |            |
|-----------------------|---|------------|
| Date of hearing       | : | 20.12.2024 |
| Date of Pronouncement | : | 24.02.2025 |

**ORDER**

*Per Laxmi Prasad Sahu, Accountant Member :*

This appeal filed by the assessee is against the Order passed by the CIT(A) vide DIN and Order No.ITBA/NFAC/S/250/2023-24/1056080493(1) dated 14.09.2023.

2. As per the information received under operation clear money, Revenue has noted that assessee has deposited substantial cash from 09.11.2016 to 30.12.2016 in Co-operative Bank, J. C. Road, Bangalore, in account No.025100401110008 of Rs.14,50,000/- and the assessee has not filed return of income. Therefore, notice under section 142(1) of the Act was issued to the

assessee for compliance before 31.03.2018 but there was no compliance. The AO issued notice under section 133(6) of the Act and got information from Co-operative Bank of details of cash deposited. From the statement supplied by the Banks, there was a total cash deposit of Rs.43,87,000/- and other than that cash deposit was Rs.7,02,362/- resultantly there was total deposit in Bank account of Rs.50,89,362/-. In this regard, assessee was given various opportunities but the assessee did not respond. Even the show cause notice issued by the AO was not responded. The AO treated Rs.7,02,362/- as business receipt and applied 10% profit on such sum and the balance amount of cash deposits of Rs.43,87,000/- was treated as income under section 69A of the Act and completed the assessment under section 144 of the Act on 18.10.2019.

3. Aggrieved from the above Order, assessee filed appeal before the CIT(A). The learned CIT(A) noted that assessee has not complied to the provisions of section 249(4)(b) of the Act. Even assessee has not paid tax as per demand under section 156 of the Act and dismissed appeal of the assessee without going into merits of the case observing that appeal is not admitted and dismissed the appeal of the assessee.

4. Aggrieved from the above Order, assessee filed appeal before the Tribunal. During the course of hearing, the learned Counsel for the assessee filed written synopsis containing page No.1 to 28 including VAT returns and assessee has also filed another Paper Book containing page Nos.1 to 35 including the case laws relied on by the learned AR of the assessee from Sl. No.3 to 7. The learned Counsel for the assessee submitted that the assessee is engaged in the business of automobile spare parts in the name and style of M/s. Bharath Motor Accessories at No.16/B, 2nd cross, Journalist Colony, Bangalore - 560 002. The turnover of the assessee is Rs.54,69,362/- but below Rs.1 Crore and assessee is registered under the Karnataka Value Added Tax 2003 (VAT) and filed monthly returns in VAT 100 regularly. The cash deposited into bank account is out of sale proceeds

of the assessee. She has filed income tax returns whenever her gross taxable limit exceeds and paid the due taxes. Copy of the return filed for the Assessment Year 2015-16 is attached in Annexure - 2. Assessee did not file her turn of income for Assessment Year 2017-18 as her income was below taxable limit as computed under section 44AD of the Act. She is a senior citizen suffering from age related health problems and could not actively respond to various statutory and business obligations. She is not conversant with computer and email correspondences. The AO has wrongly added the entire cash deposit into bank account under section 69A of the Act since there is a strong evidence that the assessee is carrying business activity supported by VAT return. The learned CIT(A) has wrongly dismissed the appeal of the assessee without considering any merits of the case. The month wise purchase and sales are placed at Paper Book No.6 as Annexure - 1. The AO has wrongly considered the turnover of Rs.7,02,362/-. Assessee has deposited cash into her bank account over the years and the AO has considered the cash deposit from 02.04.2016 to 31.03.2017. Therefore, he requested that the matter may be sent back to the AO.

5. Learned DR supported the Order of the lower authorities.

6. Considering the rival submissions, AO has treated the entire cash deposit into bank account as income under section 69A of the Act and only Rs.7,02,362/- as business income and applied 10% profit on such turnover. We noted from the details of the cash deposits transactions in her bank account is over the year and is not cash deposit during demonetization period only. We noted from the submissions that assessee is a senior citizen and she has health problems. She could not respond to the notices issued by the Revenue authorities and we also noted from the VAT return filed by the assessee the turnover shown in the VAT return is not matching with the turnover as reported by the assessee of Rs.54,69,362/-. Therefore, considering the facts of the case and in the interest of justice, we remit the issue back to the file of AO for de novo consideration and

decide the issue as per law. The AO is directed to provide reasonable opportunity of being heard to the assessee and assessee is directed to produce the necessary documentary evidence in support of her case for speedy disposal of the case and avoid to unnecessary adjournment. In case of failure, second leniency shall not be granted.

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

*Pronounced in the court on the date mentioned on the caption page.*

Sd/-

**(PRAKASH CHAND YADAV)**  
**Judicial Member**

Bangalore,  
Dated : 24.02.2025.  
/NS/\*

Sd/-

**(LAXMI PRASAD SAHU)**  
**Accountant Member**

Copy to:

1. Appellant 2. Respondent 3. Pr.CIT4.CIT(A)  
5. DR, ITAT, Bangalore.

By order

Assistant Registrar  
ITAT, Bangalore.