

**IN THE INCOME TAX APPELLATE TRIBUNAL
AMRITSAR BENCH, AMRITSAR.**

**BEFORE SH. UDAYAN DAS GUPTA, JUDICIAL MEMBER
AND SH. KRINWANT SAHAY, ACCOUNTANT MEMBER**

**I.T.A. No.574/Asr/2024
Assessment Year: 2015-16**

Sh. Harvinder Singh Bhullar, VPO, Ranjitgarh, Muktsar, Punjab. [PAN:BXPPB7427P] (Appellant)	Vs.	ITO, Ward-2(2), Muktsar. (Respondent)
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Appellant by	Sh. Sudhir Sehgal, Adv
Respondent by	Sh. Manpreet Singh Duggal, Sr. DR

Date of Hearing	19.03.2025
Date of Pronouncement	27.03.2025

ORDER

Per: Udayan Das Gupta, JM

This appeal is filed by the assessee against the order of the CIT(A) NFAC, Delhi, passed u/s 250 of the IT Act 1961 dated 29.08.2024, which has emanated from the penalty order of the AO – Ward 2(2) Kota, passed u/s 271(1)(c) of the Act dated 12.09.2023.

2. The grounds of appeal preferred by the assessee as per memorandum of appeal are as under:

“1. The CIT(A) NFAC has erred on facts and law in confirming, vide order u/s 250 of the Act Dt. 29.08.2024, the penalty-imposed by the AO NFAC u/s 271(1)(c) of the Act amounting to Rs. 19,78,218/- vide order dt. 12.09.2023.

2. The CIT(A) NFAC has erred on facts and law in confirming, vide order u/s 250 of the Act Dt. 29.08.2024, the penalty-imposed by the AO NFAC u/s 271(1)(c) of the Act amounting to Rs. 19,78,218/- vide order dt. 12.09.2023 without appreciating the written submissions and evidence filed in quantum appeal.

3. The CIT(A) NFAC has erred on facts and law in confirming, vide order u/s 250 of the Act Dt. 29.08.2024, the penalty-imposed by the AO NFAC u/s 271(1)(c) of the Act amounting to Rs. 19,78,218/- vide order dt. 12.09.2023 despite the fact that penalty proceedings being quasi criminal in nature are independent of assessment proceedings.

4. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed of.”

3. The instant appeal is against the penalty of Rs. 19,78,218/-, imposed by the AO u/s 271(1) (c) of the Act 61, and sustained by the first appellate authority, vide order dated 29/08/2024, with reference to the addition of Rs. 64 .02 lakhs, made in assessment proceedings on account of unexplained cash being deposited by the

assessee, in bank account during FY 2014-15 (*relevant to the assessment year under appeal*).

4. Subsequently, the appeal against the quantum addition was before this tribunal in ITA No 573/ASR/2024, and the Hon'ble Tribunal, has deleted the disputed addition of Rs.64.02 lakhs, vide order dated 24th February, 2025 by holding the alleged bank deposit to have been properly explained to have arisen out of sale proceeds of agricultural lands.

5. The relevant portion of the order is reproduced for ready reference:

“(relevant portion reproduced)

35. On this aspect of the matter, the Ld. AR has relied on some identical cases of the coordinate benches of this tribunal, where it is accepted that in rural areas relating to sales and purchase of agricultural lands, it is common practice that actual monetary transactions are more than the set forth value of the registered sale deeds, which is recorded at the prevailing Government rates for stamp duty purpose, and in absence of any contrary material brought on record the source explained by the assessee cannot be rejected, more so in cases where it is established that the dates of registration and deposit of cash in banks are matching and it can be assumed that the deposit of cash in the bank account is contemporaneous to the transaction of sale of land. Supporting decisions of co-ordinate bench relied upon:

(i) Smt. Tej Kaur v. ITO in ITA No. 06/Asr/2024

(ii) Sri Jagir Singh v. ACIT 106 ITR (Trib.) 233 (Chandigarh)

(iii) Sri Harbans Singh v. ITO 106 ITR (Trib.) 20 (Amritsar)

(iv) Satbir Singh Bhullar v. ITO ITA No. 258/Asr/2022

36. As such after examining of all factual issues and considering the fact that the deposit of the cash of Rs. 61.50 lakhs in the bank account of the assessee is matching with the date of sale registration of agricultural lands , and subsequent refund of the said amount to the original sellers, and also considering the fact that the amount has remained almost untouched by the assessee in his bank account all throughout the period held by him in custody, we are of the opinion that the assessee is not the beneficial owner of such funds and has not gained anything out of the said sum and he has simply held the same as a custodian of his family members , and as such the addition of Rs. 61.50 lakhs on this count in the hands of the assessee is hereby deleted.

37. Regarding the cash deposit of Rs. 2,52,000/- , in the bank account of the assessee in the months of April and May 2014, it is explained by the Ld. AR of the assessee, to have arisen out of agricultural income from agricultural activity carried out by the assessee on agricultural lands owned and occupied by his parents (in support of which Jamabani of lands are filed in page 116 and 117 of PB), which are all under cultivation and there being no other source of income of the family nor any other activity other than agriculture, the cash deposit of Rs.2,52,000/- is accepted to have arisen out of agricultural receipts, and the addition of the said amount is hereby deleted.

6. As such in the instant case when the quantum addition is already deleted, the corresponding penalty proceedings u/s 271(1) (c) of the Act 61, cannot be sustained and the same is also deleted.

7. In the result, the appeal of the assessee bearing **ITA No. 574/Asr/2024** is allowed.

Order pronounced on 27.03.2025 under Rule 34(4) of the Income Tax Appellate Tribunal Rules 1963.

Sd/-

(KRINWANT SAHAY)
Accountant Member
AKV

Sd/-

(UDAYAN DAS GUPTA)
Judicial Member

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy
By order

