

आयकरअपीलीय न्यायाधिकरण में, हैदराबाद 'एस.एम-बी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ' SM-B ' Bench, Hyderabad

SHRI VIJAY PAL RAO, HON'BLE VICE PRESIDENT
AND
SHRI MANJUNATHA G, HON'BLE ACCOUNTANT MEMBER

आयकरअपीलसं./I.T.A.No.151/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2017-18)

Patkar Srinivas Murthy, Hyderabad. PAN: AOPPP9113C	VS.	Income Tax Officer, Ward-13(5), Hyderabad.
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	K.R. Pruthvish, Advocate
राजस्व का प्रतिनिधित्व/ Department Represented by	:	D. Praveen, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	26.03.2025
घोषणा की तारीख/ Date of Pronouncement	:	03.04.2025

ORDER

PER MANJUNATHA G, AM:

This appeal filed by Patkar Srinivas Murthy, Hyderabad ("the assessee"), feeling aggrieved by the order passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi ("Ld. CIT(A)"), dated 04/12/2024 for the AY 2017-18.

2. The assessee has raised the following grounds of appeal:

- “1. *The Ld. CIT(A) has erred on facts and in law in not deleting the additions made by the AO.*
2. *The Ld. CIT(A) has erred on facts and in law in rejecting the claim of the appellant with regard to credit for agricultural income of Rs. 4,00,000/- for AY 2015-16 and Rs. 5,00,000/- for AY 2016-17 on the ground that the appellant had failed to prove the same without appreciating the fact that the appellant had filed returns of income for AY 2015-16 and 2016-17 reflecting the said agricultural income.*
3. *The Ld. CIT(A) has erred on facts and in law in holding that the AO has rightly arrived at the cash balance of Rs. 13,62,000/- without appreciating the fact that excess cash withdrawn from bank for the FY 2015-16 is Rs. 15,91,200/- whereas the AO has taken the same as Rs. 8,86,000/-.*
4. *The appellant craves leave to amend, alter, add or delete any ground of appeal at any time or during the hearing of the appeal.”*

3. The brief facts of the case are that the assessee is a salaried employee in Mahabub College has filed his return of income for the A.Y.2017-18 on 01.02.2018, admitting taxable income of Rs.5,33,350/- and agricultural income of Rs.1,10,250/-. The case was selected for scrutiny under CASS for the reason ‘cash deposits during the demonetization period’. During course of the assessment proceedings, the Assessing Officer noticed that the assessee has made cash deposits of Rs.75,62,200/- in his bank accounts. The AO called upon the assessee to explain the source for cash deposits. In response, the assessee submitted that the source for cash deposits are out of amounts received from sale of

Gold, loans / gifts taken from Mother, Wife and Mother-in-law. He has also stated that he has opening balance of Rs.19,98,000/- as on 01.04.2016, out of his salary income and agricultural income declared for the earlier assessment years. The AO after considering the relevant submissions of the assessee and also taking note of the amounts of loans / gifts taken from Mother, Wife and Mother-in-law has allowed and accepted the explanation of the assessee with regard to gifts received from relatives. The AO also accepted the claim of opening cash balance as on 1/4/2016 to the extent of Rs.13,62,000/-. The AO also accepted the claim of agricultural income of Rs.1,10,250/-. However, the claim of the assessee with regard to the amount received from sale of Gold and savings out of agricultural income of AYs 2015-16 and 2016-17 has not been allowed on the ground that the assessee could not file relevant evidences. To sum up, out of total cash deposits of Rs.75,62,200/-, the AO accepted the explanation of the assessee to the extent of Rs.50,92,750/- and the balance amount of cash deposit of Rs.24,69,450/- has been treated as unexplained money u/s 69A of the Income Tax Act, 1961 ("the Act").

4. Being aggrieved by the assessment order, the assessee preferred an appeal before the CIT(A). Before the CIT(A), the

assessee has reiterated the submissions made before the AO with regard to the amount received from sale of Gold and savings out of agricultural income declared for the A.Ys. 2015-16 and 2016-17 along with the Income Tax Returns filed for those assessment years. The CIT(A) after considering the relevant submissions of the assessee and also taking note of various evidences submitted by the assessee, allowed relief to the extent of Rs.7,62,500/- being 50% of the ad-hoc addition made by the AO towards advance received from Mother and Wife. However, the CIT(A) sustained the additions made by the AO towards remaining cash deposit of Rs. 17,06,950/- on the ground that the assessee could not establish the cash received on sale of Gold with relevant evidence.

5. Aggrieved by the CIT(A) order, the assessee is now in appeal before the Tribunal.

6. The Learned Counsel for the assessee, Shri K. R. Pruthvish, referring to various evidences including bank account statements of the assessee for the AYs 2015-16 and 2016-17 submitted that the assessee has cash withdrawals of Rs. 15,91,200/-, whereas the AO has taken at Rs.8,86,000/- and thus, there is a difference of Rs. 7,05,200/- which is available for the assessee to explain the cash deposit for the year under consideration. Further, the

assessee has declared agricultural income of Rs. 4 lakhs for the AY 2015-16 and Rs. 5 lakhs for the AY 2016-17, and to support his claim, filed relevant ITRs for the AY under consideration. Although the assessee has explained the income generated out of agricultural activity, but the AO and the CIT(A) disregarded the evidence filed by the assessee and sustained the addition towards cash deposit. Therefore, it was submitted that the addition made by the AO and sustained by the CIT(A) should be deleted.

7. The Learned Sr. AR, Shri D. Praveen, on the other hand, supported the order of the CIT(A) and submitted that wherever the assessee has filed the evidence, the AO and the CIT(A) has allowed relief to the assessee in respect of source for cash deposit. In respect of the explanation of the assessee with regard to the amount received from sale of Gold and claim of agricultural income for AYs 2015-16 and 2016-17, the appellant could not file relevant evidence and therefore, the CIT(A) has rightly sustained the addition made by the AO. Therefore, he submitted that the addition sustained by the CIT(A) should be upheld.

8. We have heard both the parties, perused the material available on record and gone through the orders of the authorities below. There is no dispute with regard to the amount of cash

deposit into the bank account. The assessee has made cash deposit of Rs. 75,62,200/-. The AO has accepted the explanation of the assessee with regard to the source for cash deposit to the extent of Rs. 50,92,750/- out of opening cash in hand and advances / gifts received from relative. However, the AO has not accepted the explanation of the assessee with regard to the claim of agricultural income of Rs. 9 lakhs for the AYs 2015-16 and 2016-17. The AO had also not accepted the explanation of the assessee with regard to cash received on sale of Gold. The CIT(A) allowed further relief of Rs. 7,62,500/- out of total additions made by the AO for Rs. 24,69,450/- and sustained the balance addition of Rs. 17,06,950/-. The assessee explained balance amount of cash deposits out of agricultural income and further, cash withdrawal from the bank for the AY 2015-16 and claimed that the assessee has withdrawn a sum of Rs.15,91,200/- whereas the AO has taken the same at Rs. 8,86,000/-. We find that for agricultural income of Rs. 9 lakhs, the assessee has filed ITR for both the AYs. Except ITR, no other evidence has been filed to justify the agricultural income declared for both the AYs. Further, for the assessment year under consideration, the assessee has declared agricultural income only at Rs. 1,10,250/- and the AO has

accepted the same. From the above, it is undisputedly clear that the assessee is deriving income from agricultural operations and the question is only what is the extent of agricultural income earned by the assessee for the AY 2015-16 and 2016-17. Since the assessee could not file relevant evidence including the extent of land holdings, in our considered view, going by the agricultural income declared for the AY 2017-18, a reasonable amount of the agricultural income needs to be considered for the purpose of source for cash deposit. Therefore, out of total agricultural income claimed by the assessee for Rs. 9 lakhs, we direct the AO to accept the explanation of the assessee for source to the extent of Rs. 4,50,000/-. In respect of errors in computation of opening cash in hand as on 1/4/2016, although the assessee has filed relevant evidences including bank account statement, in our considered view, the entire cash withdrawals cannot be considered as savings with the assessee. Therefore, out of differential cash withdrawal of Rs. 7,62,500/- claimed by the assessee, we direct the AO to allow source for the cash deposit to the extent of Rs. 3,50,000/- only. To sum up, the assessee gets further relief of Rs. 4,50,000/- out of agricultural income of the AYs 2015-16 and 2016-17 and further relief of Rs. 3,50,000/- out of cash withdrawal of AY 2015-16 and

in total, the assessee gets relief of Rs. 8 lakhs. Therefore, we direct the AO to allow further relief of Rs. 8 lakhs out of the additions sustained by the CIT(A) for Rs. 17,06,950/-. In other words, out of the addition sustained by the CIT(A), the assessee gets relief of Rs. 8 lakhs and the balance addition of Rs. 9,06,950/- is sustained.

9. In the result, appeal filed by the assessee is partly allowed.

Order pronounced in the Open Court on 03rd April, 2025.

Sd/- (VIJAY PAL RAO) उपाध्यक्ष/VICE PRESIDENT	Sd/- (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER
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Hyderabad, dated 03.04.2025.

OKK/sps

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Patkar Srinivas Murthy, Flat No. 402, 1 Block, Aparna Serene Park, Masjid Banda, Serilingampally, Hyderabad, Telangana-500084.
2.	राजस्व/ The Revenue	:	Income Tax Officer, Ward-13(5), Aayakar Bhawan, Opposite LB Stadium, Basheer Bagh, Hyderabad, Telangana-500004.
3.	The Principal Commissioner of Income Tax, Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	The Commissioner of Income Tax		
6.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad