

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD "B" BENCH: HYDERABAD

BEFORE SHRI MANJUNATHA G, ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, JUDICIAL MEMBER

ITA.No.253/Hyd./2025

Assessment Year 2017-2018

Gopal Reddy Guduru, Hyderabad – 500 044. PAN ADRPG7609K (Appellant)	vs.	Income Tax Officer, Ward-4(1), Hyderabad. Telangana. PIN – 500 004 (Respondent)
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For Assessee :	Smt. S. Sandhya, Advocate
For Revenue :	Shri Rakesh Chintagumpula, Sr. AR

Date of Hearing :	08.05.2025
Date of Pronouncement :	08.05.2025

ORDER

PER MANJUNATHA G. :

This appeal has been filed by the Assessee-against the order dated 31.01.2024 of the learned Addl/JCIT(A), Kanpur, relating to the assessment year 2017-2018.

2. Briefly stated facts of the case are that, the assessee is an individual and filed his return of income for the assessment year 2017-2018 on 10.06.2017 declaring total income of Rs.4,92,308/-. During the course of assessment proceedings, the Assessing Officer noticed that, the appellant has made cash deposit of Rs.10,65,000/- in Bank of Baroda, Tilak Nagar Branch, Hyderabad. The Assessing Officer called-upon the assessee to file relevant evidences to prove the source for cash deposit. In response, the assessee submitted that, he has declared income from house property and other sources for earlier financial years and the source for cash deposit is out of cash withdrawal from bank account on previous occasions. The Assessing Officer after considering relevant income tax return filed by the assessee for assessment year 2014-2015 to assessment year 2017-2018 observed that, the assessee has reported house property income of Rs.2,68,800/-; income from money landing business of Rs.12,50,000/- totalling to Rs.15,18,800/-. Therefore, considering the total income reported by the assessee for last four financial years and

also the stature and day-to-day expenses of the assessee, the Assessing Officer has estimated 25% of total income reported by the assessee may be the savings that is available with the assessee to explain the source for cash deposit. Therefore, by taking into 25% of total income of Rs.15,18,800/- reported by the assessee, the Assessing Officer treated Rs.3,79,700/- as source explained out of savings and balance amount of cash deposit of Rs.6,85,300/- has been treated as unexplained money under section 69A of the of the Income Tax Act, 1961 [in short "the Act"].

3. On being aggrieved, the assessee carried the matter in appeal the CIT(A) and the CIT(A) for the reasons stated in the appellate order, sustained the addition made by the Assessing Officer.

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

5. Smt. S. Sandhya, Learned Counsel for the Assessee, submitted that, the learned CIT(A) has erred in

sustaining the addition made by the Assessing Officer towards cash deposit on the basis of estimation of savings out of income declared by the appellant, even though, the evidences filed by the appellant clearly shows that, appellant is having sufficient cash withdrawal from bank account to explain the cash deposited into the bank a/c during the year under consideration. Therefore, she submitted that the addition made by the Assessing Officer should be deleted.

6. Shri Rakesh Chintagumpula, learned Sr. AR for the REvenue, on the other hand, supporting the order of the learned CIT(A) submitted that, the CIT(A) after considering relevant details of income reported by the appellant and probable day-to-day expenses for family maintenance has rightly estimated 25% of total income as savings available with the appellant to explain the source for cash deposit. The learned CIT(A) after considering all the relevant facts has sustained the addition made by the Assessing Officer. Therefore, the order of the CIT(A) should be upheld.

7. We have heard both the parties, perused the material on record and gone through the orders of the authorities below. The Assessing Officer made addition towards cash deposit of Rs.6,85,300/- on the basis of adhoc estimation of probable savings available with the assessee out of the income reported for the last four financial years. Admittedly, the assessee reported total income of Rs.15,18,800/-. The Assessing Officer never disputed the income reported by the appellant. However, estimated the possible savings @ 25% of total income reported by the assessee for the last four financial years. In our considered view, the estimation made by the Assessing Officer towards possible savings available with the assessee out of the reported income is not based on any evidence or scientific basis. The Assessing Officer once accepted the fact that, there is possibility of assessee to save money out of his reported income, cannot arbitrary estimate @ 25% as savings. Since, the Assessing Officer does not have any reason for adopting 25% savings out of total income reported by assessee, in our considered view, going by the

stature and possible expenditure incurred by the assessee for his day-to-day expenses, a reasonable amount of 50% income reported by the assessee should be considered for the purpose of savings available with the assessee. If we consider 50% of income reported by the assessee for the last four financial years, then, the savings available with the assessee to explain the source for cash deposit is at Rs.7,59,400/-. Therefore, we are of the considered view that, the assessee can explain the source for cash deposit of Rs.10,65,000/- out of savings of Rs.7,59,400/-. If we consider the total amount of cash deposit of Rs.10,65,000/- then, the assessee is able to explain source to the extent of Rs.7,59,400/- and the remaining amount of Rs.3,05,600/- is still unexplained. Therefore, we direct to the Assessing Officer to accept the source to the extent of Rs.7,59,400/- towards total cash deposit of Rs.10,65,000/- and balance unexplained cash deposit of Rs.3,05,600/- be assessed under section 69A of the Act in the hands of the assessee.

8. In the result appeal of the assessee is partly allowed.

Order pronounced in the open Court on 08.05.2025.

Sd/-
[RAVISH SOOD]
JUDICIAL MEMBER

Sd/-
[MANJUNATHA G]
ACCOUNTANT MEMBER

Hyderabad, Dated 08th May, 2025

VBP

Copy to

1.	Gopal Reddy Guduru, 2-2-1166/4/1, Tilak Nagar, Hyderabad – 500 044.
2.	Income Tax Officer, Ward-4(1), IT Towers, Masab Tank, Hyderabad. Telangana. PIN – 500 004
3.	The DR ITAT “B” Bench, Hyderabad.
4.	Guard File.

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//By Order//