

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

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

ITA.No.383/Hyd./2025  
Assessment Year 2017-2018

Smt. Rama Reddy Pagilla, Hyderabad – 500 035. PAN ALKPP1785G	vs.	The Income Tax Officer, Ward-9(1), Hyderabad.
(Appellant)		(Respondent)

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 18.02.2025 of the learned Addl./JCIT(A)-2, Chennai, relating to the assessment year 2017-2018.

2. Brief facts of the case are that, the assessee is an individual, filed his return of income for the impugned

assessment year 2017-2018 on 28.03.2018 declaring total income at Rs.6,05,780/-. Subsequently, the case of the assessee was selected for scrutiny under CASS for the reason 'cash deposit during demonetization period'. The Assessing Officer issued notices u/sec.143(2) and 142(1) of the Income Tax Act, 1961 [in short "the Act"] calling information from the assessee. In response, the assessee filed his reply contending, *inter alia*, that, he has deposited the cash out of gold loan taken from the bank by pledging the gold and in case of non-utilisation of the fund, the same has been re-deposited into the bank account. However, the Assessing Officer being not satisfied with the explanation furnished by the assessee, made addition of Rs.8,40,599/- on account of unexplained money u/sec.69A r.w.s.115BBE of the Income Tax Act, 1961 and determined the total income of the assessee at Rs.14,46,379/- vide order dated 09.12.2019 passed u/sec.143(3) of the Income Tax Act, 1961.

3. On being aggrieved, the assessee carried the matter in appeal before the learned CIT(A). Before the

learned CIT(A), the assessee reiterated the submissions made before the Assessing Officer. The learned CIT(A) issued notice u/sec.250 of the Act to submit details or documents in support of her claim. In absence of any supporting documents, the learned CIT(A) 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, Advocate-Learned Counsel for the Assessee, submitted that, during the course of assessment proceedings itself, the assessee has furnished documentary evidences in support of cash deposit which is out of gold loan taken from the bank. Further, the cash deposit in the bank as well as the gold loan taken by the assessee is from one bank only i.e., Rajdhani Urban Cooperative Bank, R.K. Puram Branch, Hyderabad. Since the gold loan amount taken by the assessee has not been utilised, therefore, the assessee has re-deposited the same in her bank account. In support of her contention, the assessee has also furnished relevant bank statement.

However, the Assessing Officer without appreciating the facts of the case, made addition of Rs.8,40,599/- as unexplained money u/sec.69A r.w.s.115BBE of the Act and the learned CIT(A) also simply confirmed the addition made by the Assessing Officer which is not in accordance with law. She, therefore, submitted that the addition made by the Assessing Officer and sustained by the learned CIT(A) should be deleted in the interest of justice.

6. Shri Rakesh Chintagumpula, Sr. AR for Revenue, on the other hand, supporting the orders of the authorities below submitted that, since the assessee is unable to substantiate her claim with supporting documentary evidences, the Assessing Officer has made the impugned addition u/sec.69A of the Act. Even during the course of appellate proceedings, despite of issuance of notice by the learned CIT(A) u/sec.250 of the Act, the assessee failed to prove her case with supporting documentary evidences. In absence of such supporting documentary evidences, the learned CIT(A) has rightly sustained the addition made by the Assessing Officer. Therefore, he submitted that the order

of the learned CIT(A) is in accordance with law and should be upheld.

7. We have heard both the parties, perused the material on record and the orders of the authorities below. There is no dispute with regard to the fact that, the appellant has made cash deposit of Rs.18,87,226/- into various bank accounts including gold loan account for repayment of gold loan availed by the appellant. The appellant has explained the source for cash deposit out of gold loan borrowed from Rajadhani Cooperative Urban Bank Limited and claimed that, appellant had taken gold loan from bank, withdrawn cash from bank a/c and lend to various people on interest. Further, the appellant has deposited cash into bank account for closure of gold loan account, out of amount received from various borrowers. To support her arguments, the appellant has filed relevant gold loan account statements of Rajadhani Cooperative Urban Bank Limited and also relevant SB a/c statement of the said bank account. On perusal of relevant bank account statement filed by the appellant, we find that, the appellant

has borrowed four gold loans on various dates during the financial year under consideration. The gold loan has been credited into the appellant's bank a/c held with Rajadhani Cooperative Urban Bank Limited. The appellant has withdrawn cash out of gold loan proceeds credited into bank account. From the above details, we find that, the explanation of the appellant with regard to source for cash deposited into bank account appears to be bonafide and reasonable. Therefore, we are of the considered view that, the Assessing Officer having accepted the explanation of the appellant with regard to source for cash deposit partially, ought to have consider the total source available with the appellant, out of cash withdrawn from bank account to explain the source for cash deposit. Since the appellant is able to explain the source for cash deposit out of cash withdrawn from the very same bank account from gold loan account, in our considered view, the Assessing Officer has erred in making addition towards cash deposit of Rs.8,40,599/- under section 69A r.w.s.115BBE of the Act. The CIT(A) without appreciating the relevant facts has

simply sustained the addition made by the Assessing Officer. Thus, we set-aside the order of the CIT(A) and direct the Assessing Officer to delete the addition of Rs.8,40,599/- made towards cash deposit into bank account as unexplained money under section 69A r.w.s.115BBE of the Act.

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

Order pronounced in the open Court on 08.05.2025.

Sd/-  
[RAVISH SOOD]  
JUDICIAL MEMBER

Sd/-  
[MANJUNATHA G]  
ACCOUNTANT MEMBER

Hyderabad, Dated 08<sup>th</sup> May, 2025

VBP

Copy to

1.	Smt. Rama Reddy Pagilla, 11-13-788, Road No.2, Green Hills Colony, SRK Puram, Saroornagar Mandal, LB Nagar, Hyderabad – 500 035.
2.	The Income Tax Officer, Ward-9(1), IT Towers, Masab Tank, A.C. Guards, Hyderabad. Telangana.
3.	The DR ITAT “B” Bench, Hyderabad.
4.	Guard File.

//By Order//

//True Copy//