

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD “SM-B” BENCH: HYDERABAD
BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT
AND
SHRI MANJUNATHA G, ACCOUNTANT MEMBER

ITA.No.111/Hyd./2025
Assessment Year 2017-2018

Narender Batchu, Hyderabad – 500 013. PAN BEZPB1593P	vs.	The Income Tax Officer, Ward – 4 (1), Hyderabad.
(Appellant)		(Respondent)

For Assessee :	Shri Sashank Dundu, Advocate
For Revenue :	MS. Vishnu Priya, Sr. AR

Date of Hearing :	04.06.2025
Date of Pronouncement :	05.06.2025

ORDER

PER MANJUNATHA G. :

This appeal has been filed by the assessee against the order dated 19.11.2024 of the learned CIT(A)-National Faceless Appeal Centre [in short the “NFAC”], Delhi, relating to the assessment year 2017-2018.

2. Brief facts of the case are that, in this case as per the NMS information available with the Department during the year, the assessee has deposited huge cash in his bank

account and had not filed his Return of Income for assessment year 2017-2018. The case was re-opened u/sec.147 of the Income Tax Act, 1961 [in short "the Act"] and notice u/sec.148 of the Act dated 29.03.2021 was duly served upon the assessee. The assessee neither filed any reply nor filed his return of income against the notice u/sec.148 of the Act. Subsequently, notice u/sec.142(1) of the Act were issued on various dates and called-upon the assessee to file relevant evidences. However, the assessee has not filed any details. Therefore, the Assessing Officer passed best judgment assessment order u/sec.147 r.w.s.144 r.w.s.144B of the Income Tax Act, 1961 vide order dated 24.03.2022 and determined the total income of the assessee at Rs.13,98,320/- by making addition towards business income on total cash withdrawal from the bank account by estimating 8% profit and made addition of Rs.4,57,321/-. The Assessing Officer also made addition of Rs.9,41,000/- towards cash deposit into bank account u/sec.69A of the Act on the ground that the assessee could not establish source for cash deposit.

3. The assessee filed an appeal against the assessment order passed by the Assessing Officer and challenged the additions made towards cash deposit u/sec.69A of the Act. Before the learned CIT(A), the assessee claimed that source for cash deposit is out of business receipts. The learned CIT(A) after considering relevant submissions of the assessee and also taking note of various reasons given by the Assessing Officer to make addition towards cash deposit, sustained the addition on the ground that, assessee initially claimed to have received loans from friends, relatives and also received money from his wife, which is the source for the cash deposit. However, without any evidences, changed his stand now and claimed that, source for cash deposit is out of business receipts. Therefore, the learned CIT(A) upheld the additions 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. Shri Sashank Dundu, Advocate-Learned Counsel for the Assessee, referring to additional evidences filed by the assessee as per Rule 29 of Income Tax (Appellate Tribunal) Rules, 1963 submitted that, the Counsel who appeared before the learned CIT(A) has changed the stand and argued that, source for cash deposit is out of business receipts, even though, the assessee claimed before the Assessing Officer that, source for cash deposit is out of loans received from friends, relatives and amount received from his wife. The assessee was not aware of the submissions made before the learned CIT(A). Further, the assessee has now filed additional evidences in the form of confirmations from the parties from whom loans has been received along with affidavit and explained the reasons for change in stand taken before the learned CIT(A). Therefore, he submitted that, additional evidences filed by the assessee may be admitted and the issue may be remitted back to the file of Assessing Officer to examine the claim of the assessee.

6. MS. Vishnu Priya, learned Sr. AR for Revenue, on the other hand, supporting the order of the learned CIT(A) submitted that, the assessee is changing the stand on flimsy grounds without there being any evidence to support his claim. Further, the assessee has filed an affidavit along with certain additional evidences without any genuineness to substantiate the creditworthiness of the persons from whom the assessee claims to have received loans. Therefore, the additional evidences filed by the assessee should not be admitted and further, the addition made towards cash deposit should be sustained.

7. We have heard both the parties, perused the material on record and gone through the orders of the authorities below. There is no dispute with regard to the fact that, before the Assessing Officer the assessee claims to have received loans from friends, relatives and also amount received from his wife out of her past savings which is the source for cash deposit of Rs.9,41,000/- into his bank account. Before the learned CIT(A), the assessee has changed his stand and claimed that, source for cash deposit

is out of business receipts. The assessee now claimed that, the Counsel who appeared before the learned CIT(A) has made submissions and taken an altogether new stand without the knowledge of the assessee and assessee was not aware of the submissions made before the learned CIT(A). To support his stand, the assessee has filed an affidavit along with certain additional evidences including confirmations from the parties from whom assessee claimed to have received loans. The assessee has also filed an affidavit from his wife along with confirmation letter to prove the amount received from his wife. We find that, initially the assessee has taken a stand that, source for cash deposit is out of loans received from friends and relatives and also amount received from his wife. Subsequently, the assessee changed his stand and claimed that, it is out of business receipts. But, the said claim was not substantiated with relevant evidences. On the other hand, the initial claim of the assessee was substantiated with relevant evidences including confirmations from the persons from whom the loans were received. Although, the assessee could not file

these evidences before the Assessing Officer, but, he explained the reasons for not filing the said evidences at the time of assessment proceedings. After going through the relevant explanation of the assessee, we are of the considered view that, additional evidences filed by the assessee needs to be admitted and an opportunity should be given to the assessee to substantiate his claim before the Assessing Officer. Thus, we set aside the order of the learned CIT(A) and restore the issue back to the file of Assessing Officer for re-consideration. The Assessing Officer is directed to verify the issue in accordance with law. The assessee is directed to file additional evidences before the Assessing Officer to justify his case to explain the source for cash deposit. Accordingly, the grounds of appeal of the assessee are allowed for statistical purposes.

8. In the result, appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 05.06.2025

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Sd/-
[MANJUNATHA G]
ACCOUNTANT MEMBER

Hyderabad, Dated 05th June, 2025

VBP

Copy to

1.	Narender Batchu, H.No.2-2-83/A, 3 rd Floor, Turbnagar, Near Madhani Function Hall, Amberpet, Hyderabad. PIN – 500 013.
2.	The Income Tax Officer, Ward – 4 (1), IT Towers, AC Guards, Masab Tank, Hyderabad – 500 004. Telangana
3.	The Pr. CIT, Hyderabad
4.	The DR ITAT “SM-B” Bench, Hyderabad.
5.	Guard File.

//By Order//

//True Copy//