

**IN THE INCOME-TAX APPELLATE TRIBUNAL, SURAT BENCH, SURAT  
BEFORE SHRI TR SENTHIL KUMAR, JUDICIAL MEMBER &  
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER**

**आयकर अपील सं./ITA No.111/SRT/2025**

**Assessment Year: (2017-18)**

**(Hybrid hearing)**

Singapalli Rajgopal Rao 34/A Sundernagar, Udhna- Navsari Road, Bhestan, Surat- 395 023	<b>Vs.</b>	Income Tax Officer Ward No.3(2)(8), Surat
<b>स्थायीलेखासं./जीआइआरसं./PAN/GIR No: ABTPR 0192 G</b>		
<b>(अपीलार्थी/Appellant)</b>		<b>(प्रत्यर्थी/Respondent)</b>

निर्धारिती की ओर से /Appellant by	Shri Tinish Mody, CA
राजस्व की ओर से /Respondent by	Ms. Neerja Sharma, Sr-DR
अपील पंजीकरण/Appeal instituted on	27/01/2025
सुनवाई की तारीख/Date of Hearing	05/05/2025
उद्घोषणा की तारीख/Date of Pronouncement	19/06/2025

**आदेश / ORDER**

**PER BIJAYANANDA PRUSETH, AM:**

This appeal by the assessee emanates from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'the Act') dated 13.12.2024 by the National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals) [in short, 'NFAC/Ld. CIT(A)'] for the Assessment Year (AY) 2017-18, which in turn arises out of assessment order passed by Assessing Officer (in short, 'AO') u/s 143(3) of the Act dated 15.12.2019. Grounds of appeal raised by the assessee are as under:

*"[1] On the facts and in the circumstances of the case as well as law on the subject, the learned Commissioner of Income Tax (Appeals)-NFAC ought to have given the findings on the round raised for applying section 69A of the Act by the Ld.A.O treating the cash deposit as not recorded in books of account.*

*[2] On the facts and in the circumstances of the case as well as law on the subject, the learned Commissioner of Income Tax (Appeals)-NFAC erred in confirming the addition made by the Learned Income Tax Officer, Ward-3(2)(8), Surat to the tune of Rs.18,46,500/- treating the cash deposited in bank account during demonetization period as unexplained money without appreciating the facts of the case favourably.*

*[3] On the facts and in the circumstances of the case as well as law on the subject, the learned Income Tax Officer, Ward-3(2)(8), Surat ought not to have levied tax @ 60% u/s 115BBE of the Act for A.Y. 2017-18.*

*Your appellant therefore prays that looking to the facts and circumstances of the case, the addition made by the Learned AO to the tune of Rs.18,46,500/- u/s 69A of the Act and confirmed by the Learned Commissioner of Income Tax (Appeals)-NFAC is required to be deleted.*

*Your appellant further reserves his right to add, alter or to amend any of the aforesaid grounds at the time of hearing of an appeal.”*

2. Facts of the case in brief are that assessee filed his return of income for AY 2017-18 on 30.11.2017 declaring total income of Rs.3,60,550/-. The case was selected for scrutiny for the reasons that there were large cash deposits during demonetization period as compared to returned income. During demonetization period, assessee made cash deposit of Rs.18,46,500/- in his bank account. The AO asked assessee to explain the source of cash deposit. In reply, assessee stated that the source was earlier cash withdrawals by him from FYs 2014-15 to 2015-16 and also withdrawals during the year before the demonetization. It was submitted that the assessee wanted to purchase a residential house at Vishakhapattam, for which he had withdrawn the cash. However, the deal was cancelled and the amount withdrawn was re-deposited in bank account. The AO did not find the explanation acceptable. The amounts of withdrawal were small amounts which was required to meet household

expenses. Further, no details of proposed house at Vishakhapattam was given. The AO held that all earlier withdrawals were already spent and were not available for re-deposit. Since assessee could not explain the source of deposit, the AO added Rs.18,46,500/- u/s 69A of the Act and taxed the same u/s 115BBE of the Act. Aggrieved by the addition made by AO, assessee preferred appeal before CIT(A).

3. The assessee filed written submission before the CIT(A), which is reproduced at pages 5 to 9 of the appellate order. It was submitted that he had filed online response for cash deposit in the bank account to the Department. The assessee was a medical assistant (male nurse) in Navini Florine Ltd. Company and served there for 25 years. He has accumulated cash from the salary income earned during the service period. Assessee's wife was also carrying out sewing work from her residence. The assessee wanted to shift from Surat to Vishakhapattam by purchasing a new house, for which he withdrew cash of Rs.49,000/- each on piece meal basis from his savings bank account at Surat. Further, the assessee had withdrawn cash of Rs.6,00,000/- on 26.09.2016 and Rs.3,00,000/- on 21.10.2016 from his SB account with SBI. He had also withdrawn Rs.1,96,000/- between 01.04.2016 to 08.11.2016. These amounts were withdrawn for purchase of house but since the purchase did not materialize, the amount was re-deposited in his bank account. The assessee also relied on some decisions. The CIT(A) did not accept the contention of the assessee and decided the issue at para-6 of the appellate order. He wondered

as to why he withdrew the money from the bank to buy a property at Vishakhapatnam instead of transferring the money directly to his account in Andhra Bank, Vishakhapatnam. The assessee has also failed to explain the purpose of debits of Rs.18,00,000/- and Rs.1,00,000/- made to unknown accounts on the very day of deposit, i.e., 23.11.2016. He, therefore, observed that the explanation of the assessee is a make-believe story without proper supporting evidences. Hence, the appeal was dismissed.

4. Further aggrieved by the order of CIT(A), the assessee has filed present appeal before the Tribunal. The Ld. AR of the assessee filed paper book containing various details submitted to the lower authorities and some of case laws, where cash deposited in the bank account shortly after withdrawal was considered a reasonable explanation. He has also filed a written submission stating that provisions of Section 115BBE of the Act are not applicable to the facts of the assessee. The AO has invoked the provisions of Section 69A without providing specific evidence to show that such cash deposits were from unaccounted source. The assessee, on the other hand, had explained that the cash deposits were out of the savings accumulated over the years during the employment of assessee as well as cash withdrawals from time to time. The assessee withdrew Rs.1,32,000/- from his bank account in the last two years for household expenses. Further, his wife was also earning Rs.10,000/- to Rs.12,000/- per month through her sewing/stitching activities. The Ld. AR of the assessee relied on the cases of (i) CIT vs. Kulwant Rai (2007) 291 ITR 36

(Del) (ii) ACIT vs. Baldev Raj Charla (2009) 121 TTJ 366 (Del-Trib.), (iii) Shri Rakesh Suryakant Agarwal vs. ITO (ITAT Mumbai ITA No.709/Mum/2012) and (iv) DCIT vs. Smt. Veena Awasthy (2006) 282 ITR 249 (Del).

5. On the other hand, Ld. SR-DR for the Revenue supported the order of lower authorities. She submitted that both of them have passed detailed orders after considering the explanation and details submitted by the assessee.

6. We have heard both the parties and perused the materials on record. We have also deliberated on the case laws relied upon by the Ld. AR of the assessee. There is no dispute regarding the fact that the assessee had deposited cash of Rs.18,46,500/- on 23.11.2016 during the demonetization period. It is also fact that on the same day, he has transferred Rs.18,00,000/- and Rs.1,00,000/- to some other accounts, which has not been explained by the appellant before the lower authorities or to the Tribunal. The appellant explained that he had withdrawn various amounts in the immediately preceding financial years (FYs 2014-15 and 2015-16) and also during the subject year upto the demonetization period. The appellant had withdrawn Rs.49,000/- on 19 occasions and Rs.15,000/- Rs.6,00,000/- and Rs.3,00,000/- (Total : Rs.18,46,000/-) starting from 27.06.2014 to 21.10.2016, such details are at page 17 of the paper book. The appellant himself submitted that he is a retired person and leads a very simple and frugal life. Hence, it is not understood as to why the appellant would keep on withdrawing cash so many

occasions if he already had substantial cash-in-hand due to the earlier withdrawals. This is against normal human behaviour. The appellant had also not been able to file any evidence whatsoever before the AO or CIT(A) or the Tribunal that he needed cash to purchase a property at Vishakhapatnam. No agreement of sale or evidence of any advance has been filed by the appellant to substantiate such claim. The CIT(A) has rightly observed that it is a make-believe story and feeble attempt by the appellant to explain away the onus of proof regarding the source of cash deposits. Hence, explanation of the appellant that the amount of cash withdrawn from 27.06.2014 to 21.10.2016 amounting to Rs.18,46,000/- was used for re-deposit cannot be accepted in toto. However, we find that assessee had withdrawn Rs.6,00,000/- on 26.09.2016 and Rs.3,00,000/- on 21.10.2016. These two withdrawals totalling to Rs.9,00,000/- just prior to demonetization period is accepted as part of the explained source of deposits of Rs.18,46,000/-. It is so held because the assessee had also withdrawn of Rs.49,000/- each from his three bank accounts (Total: Rs.1,47,000/-) on 01.07.2016. This amount of Rs.,1,47,000/- was sufficient to take care of his personal and household expenses till the demonetization period. Hence, AO is directed to delete Rs.9,00,000/- from the total addition of Rs.18,46,500/- The remaining addition of Rs.9,46,500/- (Rs.18,46,500 – Rs.9,00,000/-) is upheld. The ground is partly allowed.

7. Next ground pertains to applicability of provisions of Sec. 69A of the Act to the impugned addition. As per the computation of income filed by the

appellant (page-10 of PB), the sources of income were interest on SB account, pension received, interest on FD, NSC interest, other interests etc. Such income from other sources was Rs.3,70,454/-. The appellant has not been able to establish the nexus of these disclosed sources with the cash deposited in the bank accounts. Hence, the impugned amount of Rs.9,40,500/- sustained by us in the preceding para takes the character of unexplained money within the meaning of Section 69A of the Act. The appellant was found to be the owner of such money and he has not been able to offer explanation about the nature and source of acquisition of the said money. As already discussed, the explanation offered by him was also not found satisfactory. Therefore, mischief of the provisions of Section 69A are clearly attracted in the present case. We do not find any infirmity in the order of lower authorities. Hence, this ground of assessee is dismissed.

8. Next ground is applicability of Section 115BBE of the Act to the addition made by the AO. This is repetitive issue before the Tribunal in many cases. So far as taxing the addition at the enhanced rate of tax u/s 115BBE is concerned, we find that Divisions Bench as well as SMC Bench of this Tribunal in a series of case has held that enhanced rate prescribed u/s 115BBE is not applicable for AY 2017-18. Useful reference may be made to the cases of Samir Shantilal Mehta Vs ACIT ITA No. 42/Srt/2022 (Surat Trib), Arjunsinh Harisinh Thakor vs ITO in ITA No. 245/Srt/2021 and Jitendra Nemichand Gupta Vs ITO ITA No. 211/Srt/2021 and Indore Bench in DCIT vs Punjab Retail Pvt. Ltd 677/Ind/2019

(Indore Trib) and Jabalpur Bench in ACIT vs Sandesh Kumar Jain in ITA No. 41/Jab/2020. Accordingly, ground raised by the assessee is allowed.

9. In the result, appeal of the assessee is partly allowed.

Order pronounced under proviso to Rule 34 of the ITAT Rules, 1963 on 19/06/2025 in the open court.

**Sd/-**  
**(TR SENTHIL KUMAR)**  
न्यायिक सदस्य/JUDICIAL MEMBER  
सूरत /Surat  
दिनांक/ Date: 19/06/2025  
Dkp Outsourcing Sr.P.S\*

**Sd/-**  
**(BIJAYANANDA PRUSETH)**  
लेखा सदस्य/ ACCOUNTANT MEMBER

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

- अपीलार्थी/ The Appellant
- प्रत्यर्थी/ The Respondent
- आयकर आयुक्त/ CIT
- आयकर आयुक्त (अपील)/ The CIT(A)
- विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, सूरत/ DR, ITAT, SURAT
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By order/आदेश से,

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सहायक पंजीकार  
आयकर अपीलीय अधिकरण, सूरत