

आयकर अपीलीय अधिकरण, 'बी' (एस एम सी), न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' (SMC) BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज, उपाध्यक्ष के समक्ष
BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT

आयकर अपील सं./ITA No.: **861/CHNY/2025**
निर्धारण वर्ष/Assessment Year: 2017-18

Ms.Vaikundaramu Kanagavalli,
7/5, Bharathiar Street,
Velachery,
Chennai – 600 042.

The Income Tax Officer,
Vs. Non-Corporate Ward 19(6),
Chennai.

PAN: ENAPK 6782C

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri N. Arjun Raj, Advocate
प्रत्यर्थी की ओर से/Respondent by : Shri Ashwin Gowda, JCIT

सुनवाई की तारीख/Date of Hearing : 02.07.2025

घोषणा की तारीख/Date of Pronouncement : 03.07.2025

आदेश/ ORDER

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 12.02.2025 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Year is 2017-18.

2. The solitary issue that is raised is whether the First Appellate Authority is justified in confirming the addition of Rs.8,80,630/- u/s.69 of the Act.

3. Brief facts of the case are as follows: The assessee is an individual. For the assessment year 2017-18, return of income was filed on 31.07.2017 declaring total income of Rs.3,47,870/-. The assessment was selected for scrutiny under CASS and notice was issued u/s.143(2) of the Act on 14.08.2018. During the demonetization period, the assessee had made the following cash deposits:-

<i>Sl.No.</i>	<i>Name of the Bank</i>	<i>Account No.</i>	<i>Date of Deposit</i>	<i>Amount</i>
1	ICICI Bank	278001505207	24.11.2016	4,50,000/-
2	ICICI Bank	278001505207	22.12.2016	1,58,000/-
3	Axis Bank	916010034360498	24.11.2016	4,50,000/-
4	Axis Bank	916010034360498	22.12.2016	1,58,500/-
5	Axis Bank	916010034360498	30.12.2016	12,000/-
			<i>Total</i>	12,28,500/-

4. The assessee was directed to explain the source of aforesaid cash deposits. In response, assessee filed a letter dated 21.11.2019 stating as under:-

“...Though rental income has to be offered to income tax on yearly basis, the assessee has declared the rental income for the period 2009 to 2016-17 in the assessment year 2017-18. In case if it is added to the returned income it would lead to double taxation. First as income from house property and secondly by way of addition of deposits into bank

during the demonetization period. With regards to other cash deposits the assessee has availed loan from his friend and relatives and documents have been submitted in this regards....”

5. Further, the assessee was issued a show-cause notice dated 23.11.2019 proposing to add the cash deposits of Rs.12,28,500/- as unexplained u/s.69 of the Act. Since there was no explanation from the assessee to show-cause notice dated 23.11.2019, the AO completed the assessment by making addition of Rs.12,28,500/- vide order dated 02.12.2019 u/s.143(3) of the Act.

6. Aggrieved by the assessment order, the assessee filed an appeal before the First Appellate Authority (FAA). Before the First Appellate Authority, assessee sought to explain the source of cash deposit as under:-

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|----|---|---|----------------------|
| a. | <i>Cash deposit out of Accumulated Rent</i> | = | <i>Rs.4,50,000/-</i> |
| b. | <i>Hand loan from Mr.J M Pratap</i> | = | <i>Rs.1,50,000/-</i> |
| c. | <i>Hand loan from Ms. P. Vimala</i> | = | <i>Rs.3,00,000/-</i> |
| d. | <i>Gift received by Song</i> | = | <i>Rs.2,20,000/-</i> |
| e. | <i>Accumulated Savings</i> | = | <i>Rs.1,08,500/-</i> |

7. The FAA did not accept the explanation / source of cash deposits. However, the FAA gave credit of Rs.3,47,870/- disclosed by the assessee in her return of income filed.

Accordingly, addition u/s.69 of the Act was reduced to Rs.8,80,630/- by the FAA.

8. Aggrieved by the order of the FAA, the assessee has filed the present appeal before the Tribunal. The Ld.AR for the assessee has filed two sets of Paper-book enclosing therein the notices issued and response filed during the course of proceedings before the AO and the FAA, the return of income filed, the confirmation letters issued by various creditors and the tenant of the assessee, the bank statement of the creditors etc. The Ld.AR reiterated the submissions made before the FAA.

9. The Ld.DR supported the orders of the AO and the FAA.

10. I have heard rival submissions and perused the material on record. The Ld.AR has submitted the details of rental income received and in support of the same, confirmation from the tenant and rental agreement are placed on record. Hence, I give a further credit of Rs.1,02,130/-. As regards the amount of Rs.1,50,000/- received from assessee's friend Shri J M Pratap, the FAA by referring to the confirmation issued had stated that the amount withdrawn by Shri Pratap on 07.10.2017 cannot be the

source of deposit made in the year 2016. In this context, I have gone through the bank statement of Shri Pratap and I find that the cash withdrawal by Shri Pratap was on 07.10.2016. Therefore, the confirmation given by Shri Pratap stating that cash was withdrawn on 07.10.2017 is only a typographical mistake. Hence, I grant credit of Rs.1,50,000/- with regard to the loan given by Shri Pratap to the assessee. As regards loan received from Smt. P. Vimala, I find she is a relative of the assessee (sister-in-law) and there is a clear withdrawal of Rs.3,00,000/- from her bank account on 25.09.2016. The Department does not have a case the amount that was given by Smt. Vimala to assessee has been utilized for some other purpose. Hence, the source of cash deposit to the extent of Rs.3,00,000/- is also allowed. The assessee had claimed a sum of Rs.2,20,000/- as gifts from her parents as well as in-laws. Confirmations from her parents and in-laws are also placed on record. In the confirmation letter of the parents and in-laws, it has been stated that gifts have been given to their grandchild and amounts were handed over to the assessee. I find no reason to disbelieve the confirmation given by the parents and in-laws of the assessee, since the sum of gift is only Rs.50,000/- and Rs.60,000/- each. Accordingly, I grant credit of Rs.2,20,000/-. The balance sum of

Rs.1,08,500/-, the assessee claimed the same is out of her past savings and also savings of her husband. A women in a household will be having sufficient past saving for the aforesaid sum and I give due credit for the same. In light of the aforesaid reasons, I delete the entire addition sustained by the FAA to the extent of Rs.8,80,630/-. It is ordered accordingly.

11. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 3rd July, 2025 at Chennai.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 3rd July, 2025

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.