

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, CHENNAI

श्री मनु कुमार गिरि, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष
BEFORE SHRI MANU KUMAR GIRI, JUDICIAL MEMBER AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.: 2838/Chny/2024
निर्धारण वर्ष / Assessment Year: 2017-18

Selvam Baskar 118 – PL Prop; Gomathy Jewellers, Gopal Chetty Street, Ponnammapet, Salem – 636 003.	vs.	Income Tax Officer, Ward 1(1), Salem.
[PAN: ATJPB5735B] (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. N. Arjun Raj, Advocate.
प्रत्यर्थी की ओर से/Respondent by : Ms. Gouthami Manivasagam, JCIT

सुनवाई की तारीख/Date of Hearing : 25.06.2025
घोषणा की तारीख/Date of Pronouncement : 12.08.2025

आदेश /ORDER

PER S. R. RAGHUNATHA, AM :

This appeal by the assessee is filed against the order of the learned Commissioner of Income Tax (Appeal), NFAC, Delhi, (in short Ld.CIT(A)) for the assessment year 2017-18, vide order dated 12.09.2025.

2. The grounds raised by the assessee are as follows:

- 1) *The Commissionner of Income-tax (Appeals) is not justified in confirming that Rs.20,67,000/-, out of cash of Rs.40,33,000/- deposited Into bank, constituted unexplained income chargeable to income-tax, accepting a part of explanation alone.*
- 2) *Not having found any defect in cash book, Profit and Loss Account and Balance Sheet though "examined extensively and carefully", cash balance as on 08-11-2016 at Rs. 43,08,546/- ought to have been accepted as explained source, available to make cash deposits into book.*
- 3) *Commissioner (Appeals) having accepted that "depositing of cash in installments in banks is not an issue", it should not have been held that*

assessee "failed to provide the clarification in regard to cash in hand on 08-11-2016 with documentary evidence for Rs. 20,67,000/-, deposited on later three dates permitted by Law.

- 4) *Submission made that Section 69A applies only to money not recorded in books of account, should have been discussed by Commissioner (Appeals), while confirming applicability of Section 115BBE.*
- 5) *Requiring cash balance on 08-11-2015 and 08-11-2016 to be same is not correct.*
- 6) *All contentions made by Written Submissions dated 16-08-2024 ought to have been discussed.*

For these and other reasons which may be stated, at the time of hearing of the appeal, it is prayed that the addition of Rs.20,67,000/- made to returned income may kindly be directed to be deleted

3. The assessee is an individual filed his return of income for the A.Y.2017-18 on 28.03.2018 admitting a total income of Rs.6,87,520/-. Based on the information with the department, the assessee had made substantial cash deposits in the bank accounts during the demonetization period and hence the case was selected for limited scrutiny and statutory notices were issued accordingly. The assessee submitted the details like bank statement of HDFC Bank, cash book, trading and profit and loss account, balance sheet, cash sales and details of cash deposited during the assessment year 2017-18. The assessee also submitted the details of cash deposit made during the demonetization period of Rs.40,33,000/- and also month wise cash sales, cash deposits and cash withdrawals made from 01.04.2015 to 08.11.2015 and 01.04.2016 to 08.11.2016.

4. On perusal of the submissions, the AO completed the assessment u/s.143(3) of the Act dated 17.12.2019 by making an addition of Rs.20,67,000/- as unexplained money u/s.69A r.w.s.115BBE of the Act stating that the assessee has not explained the cash deposited from 13.11.2016 to 14.12.2016. Aggrieved by the order of AO, the assessee preferred an appeal before the Id.CIT(A), NFAC, Delhi.

5. The Id.CIT(A) after perusal of the submissions made by the assessee, was not convinced that the assessee has properly explained the source of the cash deposits made into his bank account and confirmed the order of the AO by passing

an order dated 12.09.2024. Aggrieved by the order of the Id.CIT(A), NFAC, Delhi, the assessee is before us.

6. The Id. AR for the assessee submitted that the assessee had submitted the entire details of cash deposits both before the AO as well as the Id.CIT(A) during the respective proceedings. Further, the assessee had furnished cash book, sales, purchases, audited financial, Form 26AS along with the bills and vouchers before the AO. The Id.AR also submitted that the assessee had furnished the details of cash withdrawals made during the impugned assessment year before the AO, which resulted in increase of cash balance in the month of September and October 2016. However, the AO without acceding to the request of assessee, made an addition of partial cash deposit of Rs.20,33,000/- u/s.69A of the Act without giving any specific reasons. Further, the Id.CIT(A) also confirmed the AO's order, though the AO has not given any specific reason for making an addition or rejected the books of account of the assessee hence Id.AR prayed for set aside the order of Id.CIT(A) and to direct the AO to delete the addition.

7. Per contra, Id. DR submitted that the mere absence of defects in the cash books or financial statements does not automatically validate the source of cash deposits. U/s.69A of the Act, the assessee bears the onus to explain the nature and source of money found in his possession. The cash book showing Rs.43,08,546/- as on 08.11.2016 was not supported by corroborative evidence, such as detailed cash sale records, customer invoices, or proof of cash withdrawals, to justify the accumulation. The AO and CIT(A) found that the assessee's explanation lacked supporting evidence, such as sale records or proof of cash generation, particularly for the deposits made after 12.11.2016. The Id. DR relies on *Chuharmal vs CIT (1988) 172 ITR 250 (SC)*, where the Hon'ble Supreme Court held that cash found in the assessee's possession without a satisfactory explanation, can be treated as income u/s.69A of the Act.

8. We have heard both the parties, perused material available on record, gone through the order of the authorities below along with the judicial decisions relied on. The fact relating to the dispute is that the assessee has deposited cash amounting to

Rs.20,67,000/- into the HDFC bank account from 13.11.2016 to 14.12.2016. It is not in dispute that the assessee is into the business of purchase and sale of silver anklet business during the impugned year. In order to verify the source of cash deposits, the case was selected for limited scrutiny and notice u/s 143(2) was served on 21.09.2018 electronically. In response to the notice, assessee submitted bank statement from HDFC bank, Salem. It was found that the assessee had made cash deposits of Rs.40,33,000/- in his bank account during the demonetization period. The assessee was specifically asked to furnish the source of cash deposit during the demonetization period to which the assessee responded by submitting copy of the income returned, bank statements, cash book, Trading, Profit & Loss account, Balance Sheet, details of cash sales made, details of cash deposited during the demonetization period and prior to the demonetization period. These statements and other documents are furnished by the assessee before the lower authorities, which are neither disputed nor rejected. The books of accounts of the assessee have been accepted by the lower authorities while concluding the assessment and not rejected by specifically pointing out defects.

9. On perusal of the cash book, it can be seen that the assessee has made cash deposits in his HDFC Bank account amounting to Rs.40,33,000/- during the demonetization period. The cash balance as available in the cash book as on 08.11.2016 was Rs.43,08,546/-. Thereafter, after the announcement of demonetization, the assessee has on various dates deposited the cash balance available with the assessee in the cash book as on 08.11.2016 which amounted to Rs.40,33,00/-. The assessee also submitted a cash balance comparison chart of AY 2016-17 and AY 2017-18. Further, it is evident that assessee has deposited cash into the bank account, out of cash balance as at 08.11.2016, on 11.11.2016 amounting to Rs.1,56,000/- & Rs.15,00,000/-, 12.11.2016 amounting to Rs.3,10,000/- and thus has explained the source of cash deposit to be out of the cash balance as at 08.11.2016 . Further, it is also evident that the source of cash deposits amounting to Rs.20,67,000/- which was deposited on 13.11.2016 amounting to Rs.16,40,000/-, 01.12.2016 amounting to Rs.3,50,000/- and 14.12.2016 amounting to Rs.77,000/- is also from the cash balance available with the assessee as at 08.11.2016. Hence, the assessee has sufficiently explained with

documentary evidence that the source of cash deposits is out of cash balance available as at 08.11.2016, which has not been disputed by the AO. There is no reason given by the AO for making addition for the cash deposits made from 13.11.2016 to 14.12.2016. However, the AO has accepted the cash deposits made on 11.11.2016 and 12.11.2016 out of the cash balance held as on 08.11.2016. Therefore, in the present facts and circumstances of the case, we are of the considered view that the AO and that of the Id.CIT(A) have erred in making the addition of the cash deposits made from 13.11.2016 to 14.12.2016 to the tune of Rs.20,67,000/- and hence we are inclined to set aside the order of Ld.CIT(A) and direct the AO to delete the additions made u/s. 69A of the Act.

In the result the appeal of the assessee is allowed.

Order pronounced in the court on 12th August, 2025 at Chennai.

Sd/-
(मनु कुमार गिरि)
(MANU KUMAR GIRI)
न्यायिक सदस्य/Judicial Member

Sd/-
(एस. आर. रघुनाथा)
(S.R.RAGHUNATHA)
लेखासदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated, the 12th August, 2025

RL

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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