

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN BENCH :: COCHIN**

**BEFORE SHRI INTURI RAMA RAO, AM**

**ITA No. 565/Coch/2025  
Assessment Year: 2017-18**

Sicily Paul, ..... Appellant  
Sheril Villa, ManakalaAdoor Taluk,  
Pathanamthitta District,  
Kerala-691551  
[PAN: BFUPP 9892 M]

vs.

Income Tax Officer, ..... Respondent  
Ward-3, Kollam.

Appellant by: Shri N. Sreenivasan, Tax Consultant  
Respondent by: Smt. Leena Lal, Sr. DR

Date of Hearing: 21.08.2025  
Date of Pronouncement: 25.08.2025

**ORDER**

This is an appeal filed by the assessee directed against the order passed by the Additional/Joint Commissioner of Income Tax (Appeals)-6, Mumbai [for short, 'Ld. CIT(A)] dated 17.06.2025 u/s. 250 of the Income Tax Act, 1961 (for short, 'the Act') for Assessment Year (AY) 2017-18.

2. Brief facts of the case are that appellant is an individual. The return of income for the A.Y. 2017-18 was filed on 26/03/2018 declaring income of Rs. 4,58,660/-. Against the said return of income, the assessment was completed by the ITO, Ward-3, Kollam

(for short, 'AO') vide order dated 28/10/2019 passed under section 143(3) of the Act at a total income of Rs.16,88,020/-. While doing so, the AO made the addition of Rs.12,29,365/- being cash deposits made in the bank account during the demonetization period by rejecting the explanation of the appellant that the cash deposits were made out of own savings and the money kept with her by her son-in-law for the purpose of house construction, who is staying in abroad and the money was withdrawn from NRE account of her son-in-law.

3. Being aggrieved by the above assessment order, an appeal was filed by the appellant before the Ld. CIT(A), who vide impugned order confirmed the action of the AO by holding that there was inordinate delay in depositing the money withdrawn from the bank accounts of her son-in-law in the month of August-September 2016 and the money withdrawn could have been utilized for some other purpose.

4. Being aggrieved by the order of Ld. CIT(A), the Assessee is in appeal before this Tribunal.

5. It is submitted that the explanation of the Assessee was rejected by the lower authorities on assumption and presumptions. In the absence of any material evidence on record to show that the money withdrawn earlier was used for other some purposes, the same should be treated as available for subsequent deposits in the bank account. It is further submitted that the genuineness of the

explanation was not in question. The Ld. CIT(A) merely rejected the explanation on the ground that in view of the amount withdrawn in the month of August-September 2016 could have been utilized for some other purpose. Therefore, it is submitted that explanation offered by the appellant should be treated as a reasonable explanation and the addition be deleted.

6. On the other hand, ld. DR submits that the order passed by the Ld. CIT(A) is reasoned one and based on proper appreciation of evidence and no interference is called for

7. I have heard rival contentions and perused the material on record. The issues in the present appeal relates to the validity of the addition on account of cash deposits made in the bank account during demonetization period. The fact of making the cash deposits in bank account is not disputed by the appellant. There is no dispute about the fact that appellant made cash deposits in the bank account during demonetization period. When the appellant was called upon to explain the source of cash deposits made in the bank account, she stated that the said cash deposits were made out of her past savings from pension income and also money kept with her by her son-in-law who is staying abroad for house construction. The appellant also filed proof of withdrawal made in the NRE account of her son-in-law. The Assessing Authority as well as Ld. CIT(A) has not disputed the genuineness of withdrawal, but rejected the explanation on the ground that time gap involved between the period of withdrawal of money from NRE account and the amount deposited

into bank account is too long. It is undisputed fact that the money is withdrawn from NRE account of her son-in-law in the month of August-September 2016. The money withdrawn was stated to have been deposited in the bank account during demonetization period as money could not be utilized for house construction purpose. The explanation offered by the appellant is a plausible explanation. In absence of any evidence on record to say that money withdrawn from the NRE account of the son-in-law was utilized for some other purpose. It is settled position of law that it should be deemed to be utilized for subsequent deposits in the bank account. In these circumstances, I am of the considered opinion that it is not a fit case to made addition of cash deposits as unexplained money of the appellant. Therefore, I direct the AO to delete the addition. Thus, the grounds of appeal raised by the appellant stand allowed.

8. In the result, appeal filed by the appellant stands allowed.

Order pronounced in open Court on 25<sup>th</sup> August, 2025.

Sd/-  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Cochin, Dated: 25<sup>th</sup> August, 2025

vr/-

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar  
ITAT, Cochin