

आयकर अपीलिय 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.: 1773/CHNY/2025

निर्धारण वर्ष/Assessment Year: 2015-16

Shri T. Radhakrishnan,
31, Second Street,
Karpagambal Nagar,
Kottivakkam,
Chennai – 600 041.

The Income Tax Officer,
Vs. Non-Corporate Ward 15(3),
Chennai.

PAN: AABPR 8027K

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri M. Karunakaran, Advocate
प्रत्यर्थी की ओर से/Respondent by : Shri Y. Sudarshan, JCIT

सुनवाई की तारीख/Date of Hearing : 11.09.2025
घोषणा की तारीख/Date of Pronouncement : 11.09.2025

आदेश/ ORDER

This appeal filed by the assessee is directed against the order of Addl/JCIT(A)-7, Agra dated 06.06.2025 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Year is 2015-16.

2. Brief facts of the case are as follows:

The assessee is an individual. For the assessment year 2016-17, the return of income was filed on 08.07.2016, declaring

income of Rs.3,23,119/-. The assessee has also disclosed agricultural income of Rs.8,00,000/- from sale of casuarina trees. The assessment was selected for scrutiny and notice u/s.143(2) of the Act was issued on 02.08.2017 to examine (i) cash deposits made and (ii) whether investment and income related to the properties are duly disclosed. The AO during the course of assessment proceedings noticed that assessee had made a cash deposit of Rs.8,00,000/- in his bank account on 03.07.2014. The assessee was directed to explain the source of cash deposit of Rs.8,00,000/-. The assessee stated that he had sold casuarina trees which was disclosed as agricultural income in the return which is the source of cash deposit. In support of his plea, assessee furnished confirmation letters from Shri Selvaraj and Shri Umapathy (Agents/intermediaries of sale of casuarina trees). The AO during the course of assessment proceedings issued summons u/s.131 of the Act to Shri Umapathy and Shri Selvaraj, who denied having paid cash to the assessee. The sworn statement recorded from Shri Umapathy and Shri Selvaraj in response to summon issued u/s.131 of the Act are reproduced in the impugned assessment order. Since the deponents deposed that they have not paid any cash to the assessee, the AO disbelieved the source

of cash deposit for a sum of Rs.8,00,000/- and added the same to the total income of the assessee as 'income from other sources'.

4. Aggrieved by the assessment order making addition of Rs.8,00,000/-, assessee filed appeal before the First Appellate Authority (FAA). The FAA rejected the contentions of the assessee and dismissed the appeal.

5. Aggrieved by the order of the FAA, assessee has filed the present appeal before the Tribunal. The grounds raised before the Tribunal reads as follows:-

1. The learned Addl. Commissioner of Income-tax (Appeals), Agra erred in confirming the addition of Rs. 8,00,000 as unexplained credit under section 68 of the Act.

2. The appellant submits that the deposit of Rs. 8,00,000 in the bank account represent sale proceeds of casuarina trees sold by the appellant and thus the source for the deposit in the bank account was fully explained and the authorities below therefore erred in treating the deposit as unexplained credit u/s 68 of the Act.

3. The authorities below ought to have considered the fact that the appellant had offered agricultural income of Rs. 8,00,000 which was only deposited in the bank account and the assessing officer having assessed the agricultural income of Rs. 8,00,000 ought not to have added separately the deposit in the bank account as unexplained credit u/s 68 of the Act.

4. The appellant submits that the assessing officer has summoned the intermediaries of purchaser of casuarina trees from the appellant who had confirmed the transactions and have also identified the buyer who has deposited the cash from Sion Branch, Mumbai to the appellant's bank account.

5. The appellant submits that he has explained the source for the deposit of Rs. 8,00,000 as made out of agricultural income and thus discharged his burden of proof.

6. The learned Addl. CIT, Agra erred in holding that there was no direct evidence of remittance when the bank account clearly the transfer of funds from Mumbai.

7. The authorities below has not appreciated the fact that Sri Balakrishnan has deposed before the assessing officer on 17/11/2017 that he has asked the Party in Mumbai, who is the ultimate purchaser of the trees to transfer the money to the appellant's account and transfer of money only the appellant allowed the persons to cut the trees.

8. The authorities below having accepted that the appellant had earned agricultural income ought to have accepted that the source Tor the deposit was out of such agricultural income and should not have doubted the mode of deposit when it was deposited by the ultimate buyer from Sion, Mumbai to the bank account of the appellant.

9. The appellant submits that the date of sale of casuarina trees and the date of deposit in the bank account is one and the same and there is direct nexus between the sale of trees and the deposits and therefore the deposit cannot be considered as unexplained credit u/s 68 of the Act. 10. The appellant therefore prays that the addition of Rs.8,00,000 made as unexplained credit u/s 68 may be deleted and justice rendered.

6. The Ld.AR relied on the grounds raised.

7. The Ld.DR on the other hand, strongly supported the orders of the AO and the FAA.

8. I have heard rival submissions and perused the material on record. The assessee is the owner of 23 acres of agricultural land in Sathankuppam Village, Tiruporur Taluk, Tamil Nadu. For the assessment year 2015-16, assessee had disclosed agricultural

income of Rs.8,00,000/- from sale of casuarina trees. On 03.07.2014, there was a cash deposit of Rs.8,00,000/-, source of which was disbelieved by the AO and added as unexplained income under the head 'income from other sources'. The assessee had produced confirmation letters from Shri Selvaraj and Shri Umapathy. The relevant portion of the sworn statement recorded from Shri Umapathy namely Q.No.8 & 9 and its answers (in the assessment order dated 26.12.2017) is reproduced below for ready reference:-

“8. What is the connection between you and Shri T.Radhakrishnan?

He has a land with grown up casuarina trees. Shri S. Selvaraj told me to bring the person for purchasing these trees. I told the matter to cuddalore Jayaraj, he brought trees for Rs.8 lakhs. I helped him in cutting and selling the tress. I didn't earn any money in this matter.

9. How that said amount was given to Shri T.Radhakrishnan by Jayaraj?

First shri Jayaraj agreed to pay in cash. As he didn't have the money on the said date, he asked party in Mumbai (who purchase the trees in turn) to transfer the money to Shri T. Radhakrishnan account after transfer the money Shri T. Radhakrishnan allowed to cut the trees.”

9. Similar statement was recorded from Shri Selvaraj. From the above statement, it is clear that money has been paid by the ultimate purchaser of casuarina trees in Mumbai. This fact is also evident from the bank statement of the assessee maintained with Indian Bank. On perusal of the bank statement, it is clear that on 03.07.2014, there is a cash deposit made from Sion, Mumbai for a

sum of Rs.8,00,000/-. On the said date, there is no bank transfer made in assessee's bank account. The casuarina trees that have been sold by the assessee is for a sum of Rs.8,00,000/-. From the above narration in the bank statement, it is clear that the amount of cash deposits made in Sion, Mumbai is by the ultimate purchaser of casuarina trees. Hence, I see no reason to sustain the addition made by the AO which was confirmed by the FAA. Therefore, the addition of Rs.8,00,000/- is deleted.

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

Order pronounced in the open court on 11th September, 2025 at Chennai.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 11th September, 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.