



**IN THE INCOME TAX APPELLATE TRIBUNAL
JABALPUR BENCH "SMC", JABALPUR**

BEFORE SHRI KUL BHARAT, VICE PRESIDENT

ITA No. 39/JAB/2025
Assessment Year: 2017-18

Mahendra Kumar Dheer, Amar Shanti Vinod Kunj Tigela, Tikamgarh, Opp. Supermarket Ganjipura Jabalpur-472001.	v.	Income Tax Office Ward Near Utsav Bhawan, Opp Collectorate Jhansi Road, Tikamgarh-472001.
PAN: ARHPD3516G		
(Appellant)		(Respondent)

Appellant by:	Shri Abhijeet Shrivastava, Advocate.
Respondent by:	Shri N.M. Prasad, Sr. DR-1
Date of hearing:	18 09 2025
Date of pronouncement:	25 09 2025

ORDER

PER KUL BHARAT, VICE PRESIDENT.:

This appeal, by the assessee, is directed against the order of the Learned Addl. Commissioner of Income-tax (Appeals)-Panchkula, dated 03.01.2025, pertaining to the assessment year 2017-18. The assessee has raised the following grounds of appeal: -

"1. That learned NFAC was not justified in upholding the order of the Ld AO in view of the fact that the order passed u/s 143(3) was illegal, void and without jurisdiction.

2. That the Commissioner of Income-Tax (Appeals) erred in framing an Assessment without looking to the evidence produced before him is violation of principle of natural justice and without any determination on the merits of the case and hence the said order is illegal, void and without jurisdiction.

3 That addition of Rs.1000000/- towards taxable income under section 69A is unjustifiable.

4 The Hon. CIT(A) erred in confirming the addition of Rs.10,00,000/-, made u/s 69A r.w.s. 115BBE of the IT Act 1961, as unexplained money on account of cash deposited in the bank account when the source of such cash deposit was explained with supporting evidences and therefore the addition as unexplained money was not justified and bears to be deleted.

5 The appellant craves leave to add, alter or amend any of the grounds of appeal before or during the course of hearing of the appeal.”

2. The only effective ground in this appeal is with regard to sustenance of the addition of Rs.10,00,000/- made on account of cash deposited in the bank account of the assessee.

3. The facts giving rise to the present appeal are that in this case the assessee is a retired Government Employee and had filed his return of income on 13.03.2018, declaring total income of Rs.3,94,440/-. The case was selected for limited scrutiny on the issue of ‘Cash deposit during demonetization period’. A notice u/s 143(2) of the Income Tax Act, 1961 (“Act”, for short) was issued and served upon the assessee. In response to the notices, the assessee filed his response before the Assessing Officer but the same was not found acceptable by the Assessing Officer. Therefore, he proceeded to make addition of Rs.10,00,000/-. Aggrieved by this order, the assessee preferred appeal before the Ld. CIT(A) who also sustained the addition and dismissed the appeal of the assessee. Now the assessee is in appeal before this Tribunal.

4. Apropos to the grounds of appeal, the Ld. Counsel for the assessee contended that the authorities below have made addition mechanically, he further reiterated the submissions as made before the Ld. CIT(A) to buttress the contention that the assessee had deposited the amount out of the explained sources of income. It was stated by the assessee that the wife of the assessee has been doing some business and which was duly declared with the Income Tax Department. It was further stated that the wife of the assessee expired and the cash on hand which was in her proprietary concern was deposited in the bank account of the assessee being the legal heirs of the deceased wife.

It was further contended that such amount cannot be subjected to tax.

5. On the other hand, the Ld. the Ld. Departmental Representative (DR) opposed the submissions and supported the orders of the lower authorities.

6. Heard the Ld. Representatives of the parties and perused the materials available on record and gone through the orders of the authorities below. It is transpired from the records that the Assessing Authority had made addition by invoking provision u/s 69A of the Act. The Assessing Officer in the assessment order has recorded that the immediately after deposit of amount was transferred to the account of the daughter-in-law's proprietary concern. In this regard, the submission of the assessee before the Ld. CIT(A) was that the last date of hearing was 04.10.2019 and the assessment order was passed on 27.11.2019. It was submitted that if the Assessing Officer was not satisfied with the explanation, he could have sought a very specific and short explanation from the assessee. Further, it was stated that the capital of assessee's wife was amounting to Rs.22,38,093/- out of which of Rs.14,71,216/- was shown as cash in hand. In support of this, the assessee furnished the cash-on-hand statement, balance sheet, and death certificate of his wife. It was stated that the wife of the assessee had expired on 05.02.2014, but the said cash was kept at home and no investment was made by the assessee. I have given my thoughtful consideration to the facts of the present case. Looking to the time gap between the death of the assessee's wife and the declaration of the demonetization period, ordinarily it would be inferred that no prudent person would keep such a substantial amount idle. However, the fact remains that the cash-on-hand was duly explained and stood in

the name of the assessee's wife. This explanation remains un rebutted. Moreover, there is no legal provision which compels a person to necessarily deposit/invest the cash available in hand. In fact, keeping cash idle may impel the Assessing Officer to take an adverse view but in the absence of any material suggesting that such amount was invested elsewhere the addition cannot be made purely on the basis of suspicion. I, therefore, considering the totality of the facts which is brought before this Tribunal, I am of the view that the Ld. CIT(A) ought to have considered the explanation offered by the assessee and verified the correctness of the same but in the absence of such exercise bringing any material which could rebut the explanation of the assessee the impugned addition cannot be sustained. In my considered view, the impugned addition is purely made on the basis of surmises and conjectures hence cannot be sustained. Under these facts, I hereby direct the Assessing Officer to delete the impugned addition. Grounds of appeal of the assessee are allowed.

7. In the result, the appeal of the assessee is allowed.

Order pronounced in the open Court on 25/09/2025.

Sd/-
[KUL BHARAT]
VICE PRESIDENT

DATED: 25/09/2025

Vijay Pal Singh, (Sr. PS)

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT (Judicial)
4. The PCIT
5. DR, ITAT, Jabalpur
6. Guard File

By order

Assistant Registrar
ITAT, Jabalpur

		Date
	Original dictation	23.09.2025
1.	Draft dictated on:	
2.	Draft placed before author:	
3.	Draft proposed & placed before the second member:	
4.	Draft discussed/approved by Second Member:	
5.	Approved Draft comes to the Sr. PS/PS:	
6.	Order pronounced on:	
7.	File sent to the Bench Clerk:	
8.	Date on which file goes to the Head Clerk:	
9.	Date on which file goes to AR	
10.	Date of dispatch of Order:	