

**IN THE INCOME TAX APPELLATE TRIBUNAL
“SMC” BENCH : BANGALORE**

BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT

ITA No.1660/Bang/2025
Assessment year : 2017-18

Ashwini Mysore Sathya Kumar, No.29, Staff Quarters, Sports Authority of India, South Centre, Mysore Road, Bangalore – 560 056. PAN: EXQPS 7286K	Vs.	The Income Tax Officer, Ward 5(3)(2), Bangalore.
APPELLANT		RESPONDENT

Appellant by	:	Shri Pradeep Bhat, CA.
Respondent by	:	Shri Ganesh R. Ghale, Standing Counsel for the Revenue.

Date of hearing	:	23.09.2025
Date of Pronouncement	:	29.09.2025

ORDER

1. This appeal is filed by Ashwini Mysore Sathya Kumar (the assessee/appellant) for the assessment year 3027-28 against the appellate order passed by the CIT(Appeals)-1, Guwahati [ld. CIT(A)] dated 27.5.2025 wherein the appeal filed by the assessee against the assessment order passed u/s. 144 of the Income-tax Act, 1961 [the Act] dated 17.12. 2019 by the ITO, Ward 5(3)(2), Bangalore [ld. AO] was

dismissed, wherein the learned assessing officer made an addition of rupees to lakhs.

2. The assessee is aggrieved with the same and is in appeal before me.
3. The brief facts of the case show that assessee has deposited cash during demonetisation period and has not filed any return of income under section 139 (1) of the Act. Therefore notice under section 142 (1) of the Act was issued on 5/1/2018 which was not responded to by the assessee. Subsequently further intimation was given to the assessee that the assessment would be completed on the information available on record. The assessee by letter dated 10/6/2019 submitted that assessee is a student, did not have any taxable income and therefore not filed any return of income. The assessee has received the gift of ₹ 150,000 from her grandmother out of savings and the same has been deposited into the bank account by the assessee. The bank statement is enclosed along with the submission. It was noted that the assessee has deposited a sum of ₹ 150,000/- on 11/4/2017. The information was obtained by issuing notice u/s. 133 (6) on 5/12/2016 wherein it was found that assessee has deposited Rs. 2 lakhs on 5/12/2016 in term deposit for 3 years. As there was no information was available from the assessee about the above sum, show cause notice was also issued u/s. 144 of the Act that why the above sum of Rs.2 lakhs should not be treated as unexplained investment under section 69 of the Act. Accordingly the assessment order was passed on 17/12/2019.

4. The assessee aggrieved with the assessment order preferred an appeal before the learned CIT – A wherein it was submitted that the above sum is received as the gift from grandmother which is exempt from income tax. It was stated that the amount of cash deposited is below Rs.2.5 lakhs which is exempt from scrutiny as per paragraph no. 1.1 of the instruction No.3 of 2017 dated 21/2/2017 and therefore no addition should have been made in the hands of the assessee.
5. The learned CIT – A confirmed the addition holding that the learned assessing officer has followed the standard operating procedure issued by the Central Board Of Direct Taxes. Therefore the assessee aggrieved with the same is in appeal before us.
6. The learned AR submitted that the assessee has deposited cash of Rs.2 lakhs which is below Rs. 2.5 lakhs which is covered by CBDT instruction No. 3/2017 issued by 21/2/2017. He further relied upon the decision of the coordinate bench in ITA No. 953/Bang/2024 dated 20/6/2024 and submitted that no addition could have been made in the hands of the assessee.
7. The learned DR vehemently supported the orders of the learned lower authorities and stated that the learned assessing officer has made addition in the hands of the assessee following the standard operating procedure issued by the Central Board Of Direct Taxes which have been noted by the learned CIT – A and confirmed the addition.

8. I have carefully considered the rival contention and the orders of the learned lower authorities. The fact shows that assessee is a student who has deposited a sum of Rs.2 lakhs which was received by him from his grandmother. The above cash deposit was further converted into fixed deposit receipt. The cash was deposited during the demonetisation period and therefore the necessary notices were issued to the assessee. As assessee failed to furnish the information to the extent of Rs.2 lakhs, the learned assessing officer issued a show cause notice to the assessee and in response to that as no reply was forthcoming, the addition was made. Now the issue before us is whether the addition could have been made in the hands of the assessee of the above sum. We find that Central Board Of Direct Taxes has issued standard operating procedure on 21.2.2017 as Instruction No. 03/2017 wherein in annexure attached to that, it was stated that in case of an individual not having any business income, no further verification is required to be made if total cash deposit is up to Rs.2.5 lakhs. In this case the cash deposit is less than Rs.2.5 lakhs and therefore there could not have been issue of any notice to the assessee. Accordingly the assessment order framed by the learned assessing officer itself is beyond the scope of enquiry under operation clean money. Accordingly, no addition could have been made in the hands of the assessee less than Rs.2,50,000. In this case the cash deposit is merely Rs.2 lakhs, the addition made by the learned assessing officer and confirmed by the learned CIT – A is contrary to the instruction of Central Board Of Direct Taxes and hence the addition made is deleted.

9. Accordingly the appeal of the assessee is allowed.

Pronounced in the open court on this 29th day of September, 2025.

Sd/-

(PRASHANT MAHARISHI)
VICE PRESIDENT

Bangalore,

Dated, the 29th September, 2025.

/Desai S Murthy /

Copy to:

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar
ITAT, Bangalore.