

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'SMC' Bench, Hyderabad

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आ.अपी.सं / **ITA No.258/Hyd/2025**
(निर्धारण वर्ष / Assessment Year: 2017-18)

Shri Ramalingaiah Karnati, Nalgonda. PAN: ASYPK1824C	Vs.	Income Tax Officer, Ward-1, Nalgonda.
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:	Shri Mohd. Afzal, Advocate	
राजस्व द्वारा / Revenue by:	Dr. Sachin Kumar, DR	
सुनवाई की तारीख / Date of hearing:	06/10/2025	
घोषणा की तारीख / Pronouncement:	09/10/2025	

आदेश/ORDER

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)] dated 16.12.2024 for Assessment Year (AY) 2017-18.

2. Brief facts of the case are that the assessee is an individual deriving income from the business. The Return of Income for the Asst. Year 2017-18 was filed on 15.12.2018 disclosing income of Rs.4,13,570/-. Against the said Return of Income, the assessment was completed by ITO vide order dated 18.12.2019 passed order u/s. 143(3) of the Act at a total income of Rs.22,27,070/-. While

doing so, the Assessing Officer made addition of cash deposit in the bank account made during the demonetisation period of Rs.18,13,500/- rejecting the explanation offered by the assessee that the said cash deposits were made out of realisation of debtors before demonetisation. The assessment was completed by the Assessing Officer as the assessee allegedly failed to substantiate the explanation with the evidence in support of sources of cash deposits made during the demonetisation period.

3. Being aggrieved by the order of Assessing Officer, the assessee filed an appeal before the Ld. CIT(A) who vide impugned order dismissed the appeal by holding that mere filing of confirmation letters from the debtors would not absolve the assessee from the burden of proof. The Ld. CIT(A) also rejected the explanation offered by the assessee that some of the cash deposits were made out of cash received from debtors and also partly withdrawn from NRE bank account of assessee's son, as there was no supporting evidences produced by the assessee.

4. At the outset, I find there is a delay of 4 days in filing of the present appeal before the Tribunal. The assessee filed

explanation. Having regard, the explanation offered for the delay, I am of the opinion that it is a fit case for condonation of delay, the delay in filing of the appeal is condoned and appeal is admitted for adjudication on merits.

5. The only issue that arises for my consideration is whether the Assessing Officer was justified in rejecting the explanation offered by the assessee in support of the cash deposits made during demonetisation period. On mere perusal of the assessment order, it would be evident that the assessee offered explanation in support of the sources of cash deposits of Rs.18,13,500/- made during demonetisation period by stating that the said cash deposits were made out of realisation from debtors and also partial amount withdrawn from NRE bank account of assessee's son. The assessee filed confirmation letters from the debtors. The Assessing Officer made the addition of the cash deposit during demonetisation as unexplained money solely for the reason that the debtors had not responded to the notices issued u/s. 133(6) of the Act. On appeal, the Ld. CIT(A) also rejected the claim of the assessee that merely by filing

confirmation letters from debtors and withdrawal of part of money from his son NRE account does not prove the source of the cash deposits. The approach adopted by the Ld. CIT(A) is arbitrary and unreasonable, in case, in the event debtors not responded to summons the notices issued, it is incumbent upon the Assessing Officer to call upon the assessee to produce the debtors before him for due examination which the Assessing Officer failed to do so. In the circumstances, I am of the considered opinion that the matter requires remand to Assessing Officer for verification of facts. I am of the considered view that the matter requires to be remanded to the file of the Assessing Officer with the direction to dispose of the appeal de novo on merits in accordance with law after affording reasonable opportunity of hearing to the assessee.

6. In the result the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 9th Oct., 2025.

Sd/-

**(INTURI RAMA RAO)
ACCOUNTANT MEMBER**

Hyderabad, Dated: 09.10.2025.

** Reddy gp*

Copy of the Order forwarded to :

1.	Shri Ramalingaiah Karnati, 21-197, Islampura, Miryalaguda-508207 Telangana.
2.	The ITO, Ward-1, Nalgonda.
3.	Pr.CIT, Hyderabad.
4.	DR, ITAT, Hyderabad.
5.	Guard file.

BY ORDER,