

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.1282/Hyd/2025**
(निर्धारण वर्ष / Assessment Year: 2017-18)

Shri Sanjay Kumar Agarwal, Maharajgunj, Hyderabad. PAN: AAYPA1566B	Vs.	Income Tax Officer, Ward 7(2), Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:	Shri Sashank Dundu, Advocate	
राजस्व द्वारा / Revenue by:	Shri Kumar Aditya, DR	
सुनवाई की तारीख / Date of hearing:	09/10/2025	
घोषणा की तारीख / Pronouncement:	10/10/2025	

आदेश/ORDER

PER INTURI RAMA RAO :

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)] dated 18.07.2025 for Assessment Year (AY) 2017-18.

2. Brief facts of the case are that the assessee is an individual and proprietor of M/s. Sri Puneet Food Products. The Return of Income for A.Y. 2017-18 was filed on 17.10.2017 declaring total income of Rs.5,63,310/-. Against the said Return of Income, the assessment made by ITO, Ward 7(2), Hyderabad vide order dated 29.12.2017

u/s.143(3) of the Income Tax Act, 1961 ("the Act") at a total income of Rs.46,13,810/-. While doing so, the Assessing Officer made addition of cash deposits in Specified Bank Notes in the account maintained by the assessee during the demonetization period by holding that the assessee has accepted the Special Bank Notes deposited in the bank, even though the assessee is not prohibited from accepting legal tendered money.

3. Being aggrieved with the order of Assessing Officer, the assessee filed appeal before the Ld. CIT(A), who vide impugned order contending that the cash deposits in Specified Bank Notes was made out of opening cash balance as on 08.11.2018. However, the Ld. CIT(A) rejected the above explanation by holding that no supporting evidence was filed in support of the explanation that the cash deposits were made out of cash balance as on 08.11.2018.

4. Being aggrieved with the order of Ld. CIT(A), the assessee is in appeal before the Tribunal.

5. The learned counsel for the assessee reiterated the submissions made before the Ld. CIT(A) and also filed a copy of

summary of the cash flow statement showing the availability of cash as on 08.11.2018, etc.

6. On the other hand, the learned Senior D.R. opposed the above submission and submitted that no interference in the impugned order is called for.

7. I heard the rival submissions and perused the material available on record. The solitary issue for my consideration is whether the Ld. CIT(A) was justified in rejecting the explanation offered by the assessee on the ground that no supporting evidence in support of the explanation for the source of cash deposit in Specified Bank Notes was filed. On mere perusal of the impugned order, it is evident that the NFAC had not given an opportunity to furnish with evidence in support of the explanation offered in support of the cash deposits in Specified Bank Notes made during demonetization period. Therefore, I am of the considered opinion that the matter remand to the Assessing Officer with a direction to frame de novo assessment after an opportunity of being heard to the assessee.

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

Order pronounced in the open Court on 10th Oct., 2025.

Sd/-

**(INTURI RAMA RAO)
ACCOUNTANT MEMBER**

Hyderabad.

Dated: 10.10.2025.

** Reddy gp*

Copy of the Order forwarded to :

1.	Shri Sanjay Kumar Agarwal, C/o Katrapati & Associates, 1-1-298/2/b/3, Sowbhagya Avenue Apartments, 1st Floor, Ashok Nagar, Street No.1, Hyderabad-500020
2.	The ITO, Ward 7(2), Hyderabad.
3.	Pr.CIT, Hyderabad.
4.	DR, ITAT, Hyderabad.
5.	Guard file.

BY ORDER,