



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।

**IN THE INCOME TAX APPELLATE TRIBUNAL, “SMC”
RAJKOT BENCH, RAJKOT
BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER**

आयकरअपीलसं./ITA No.206/RJT/2025

निर्धारणवर्ष / Assessment Year: (2017-18)

(Hybrid Hearing)

Bhanu Pratap Gohel, Tajawala Super Market, S.V.P. Road, Porbandar – 360 575	Vs.	Income Tax Officer, Ward – 2 (3), Porbandar – 360 575
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: AGDPG6078K		
(Assessee)		(Respondent)

Assessee by : Shri Sagar Shah, Ld. AR

Respondent by : Shri Abhimanyu Singh Yadav, Ld. Sr. DR

Date of Hearing : 03/09/2025

Date of Pronouncement : 13 /10/2025

आदेश / ORDER

Per, Dr. Arjun Lal Saini AM,

Captioned appeal filed by the assessee, pertaining to Assessment Year 2017-18, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals), dated 31/01/2025, which in turn arises out of an order passed by the Assessing Officer dated 27/11/2019 u/s 143(3) of the Income Tax Act, 1961.

2. The solitary grievance of the assessee in this appeal is that on the basis of the facts and circumstances of the case, the Learned Commissioner of Income Tax



(Appeals) and Income Tax Officer has erred in making addition to the tune of Rs.13,50,500/-, on account of cash deposit in the bank.

3. Succinctly, the factual panorama of the case is that assessee before us is an Individual. The assessee has e-filed her return of income for assessment year (A.Y.) 2017-18 u/s 139 of the Income-tax Act, 1961, on 16.11.2017, showing income of Rs. 2,42,790/-. The assessee derived income from House Property, Business & Other Sources. The assessee's case was selected through CASS (Limited) Scrutiny for A.Y. 2017-18, hence a notice u/s 143(2) of the Act was issued to the assessee on 10.08.2018 through ITBA and accordingly duly sent to the assessee on e-filing account of the assessee. Accordingly, a notice u/s 142(1) of the Act was issued to the assessee on 03.01.2019 through ITBA and sent to the assessee on e-filing account of the assessee. During the assessment proceedings, the assessing officer noticed that assessee, during the course of demonetization period, that is, from 09-11-2016 to 31-12-2016, deposited cash to the tune of Rs.13,50,000/-. Therefore, assessing officer, issued a show- cause notice to the assessee to explain the source of the cash deposit.

4. In response to the show cause notice, the assessee submitted its reply before the assessing officer with necessary documentary evidence. The assessee submitted before the assessing officer, the cash book for the two preceding financial years ranging from 01.04.2015 to 31.03.2016, and bank Statements for the year under consideration. The assessee also submitted the Hathu Account for the year under consideration. The assessee also submitted withdrawals made from the bank accounts of the assessee. Moreover, the assessee submitted an affidavit also. The assessee further submitted that the said amount has been deposited in the bank account out of the cash on hand available with the assessee which was sourced out from the withdrawals made from the bank accounts of the assessee.



5. However, the assessing officer rejected the above contention of the assessee and made addition to the tune of Rs. 13,50,000/-, u/s 69A of the I.T. Act.

6. Aggrieved by the order of the assessing officer, the assessee carried the matter in appeal before the learned CIT(A), who has confirmed the action of the assessing officer. The learned CIT (A) observed that assessee has not furnished any satisfactory explanation supported by cogent material evidence, either during the course of assessment proceedings or appellate proceedings. Further, the assessee has not proved the nature and source of the cash deposits made during the demonetisation period, during the appellate proceedings with clinching evidences. Under the circumstances, it was opined by ld.CIT(A) that the order of the Assessing Officer does not suffer from any infirmity to warrant interference. Therefore, the addition made by the assessing officer was sustained by ld.CIT(A).

7. Dissatisfied and aggrieved by the order of the learned CIT (A), the assessee is in further appeal before this Tribunal. Learned Counsel for the assessee argued before the Bench that assessee had enough cash balance to make cash deposits during the demonetisation. The source of cash deposits is cash on hand as on 01/04/2016 and Balance in Hathu Account transferred to cash account on 31/10/2016. The assessee has furnished cash book for the A.Y. 2015-16 and A.Y. 2016-17. The assessee has also furnished the details of Hathu account to substantiate her claims made in the grounds of appeal. The assessee has provided detailed cash books, bank statements, and Hathu account details to substantiate the source of the cash deposits, before the assessing officer. The cash book of the assessee contains all transactions, including bank withdrawals, to provide a complete picture of the cash flow. Therefore, learned Counsel contended that addition made by the assessing officer may be deleted. On the other hand, the Ld.



DR for the Revenue has primarily reiterated the stand taken by the Assessing Officer, which we have already noted in our earlier para and is not being repeated for the sake of brevity.

8. I have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the Id CIT(A) and other materials brought on record. I note that assessing officer had failed to consider the evidence submitted by the assessee, including cash books and bank statements, without rejecting them on any legal grounds, violating the principles of natural justice. During the course of assessment proceedings as well as appeal proceedings, the assessee had duly stated the fact that, due to the old age of the assessee, cash withdrawals and deposits were made primarily for emergency and medical purposes. To substantiate this, a valid notarized affidavit was duly executed, clearly stating the reasons for such transactions. The assessing officer also erred in making an addition under section 69A despite the assessee's clear explanation that the cash deposits were sourced from past bank withdrawals, duly supported by evidence. The assessee had submitted bank statements, cash books, and withdrawal details, which were ignored without any valid reason. The cash withdrawals were made by the assessee, particularly in March 2016. These withdrawals were duly recorded in the bank statements and Hathu account, proving the availability of cash for subsequent deposits.

9. I find that the assessee has given a detailed explanation as regards the source of cash deposited into the bank account. The amount was deposited during the Demonetization period, out of the cash withdrawals supported by the following evidences:



(i) Cash book placed on record for the two preceding financial years ranging from 01.04.2015 to 31.03.2016, vide paper book page no. 27 to 27 and 01.04.2016 to 31.03.2017, vide paper book page no. 29 to 31 of paper book.

(ii) The Bank Statements for the year under consideration, vide Page No. 32 to 351 of paper book.

(iii) The Hathu Account for the year under consideration, vide Page No. 36 to 36 of paper book.

(iv) Affidavit of the assessee, vide Page No. 3 to 42 of paper book.

Thus, I note that the said amount has been deposited out of the cash on hand available with the assessee which was sourced out from the withdrawals made from the bank accounts of the assessee. The withdrawals from the bank accounts are as follows:

bank accounts which are as follows:

Date	Particulars	Name of Bank	Amount (In Rs.)	Documentary evidence
16/09/2014	Cash withdrawal from bank	HDFC Bank	5,00,000	Bank Statement is enclosed from page <u>32</u> to <u>32</u>
11/03/2016	Cash withdrawal from bank	Axis Bank - OD	4,50,000	Bank Statement is enclosed from page <u>33</u> to <u>34</u>
28/03/2016	Cash withdrawal from bank	Axis Bank - OD	4,46,000	Bank Statement is enclosed from page <u>33</u> to <u>34</u>
Total - cash available with appellant as on 07.11.2016			13,96,000	



10. Therefore, I find that the assessee has sufficient cash on hand as well as the small savings to deposit the same during the Demonetization period which stands duly explained and justified. The Assessing Officer and CIT(A) have failed to appreciate the fact that whatever cash deposit has been made is ultimately sourced out from withdrawals which is duly substantiated as well as reflected from the bank statements placed on record during the course of Assessment Proceedings. Further, the assessee has duly mentioned the reason of the accumulation of the cash on hand as she as well as her husband are of old age and therefore, to be on the safer side and considering the health issues, had saved the same for the medical emergency. The assessee disclosed such source being her own bank accounts and their withdrawals matching quite closely to the deposits which withdrawals were made within the close proximity of the deposits. I find that Hon'ble Gujarat High Court, in the case of Swati Malove Divetia, 98 taxmann.com 447(Guj), held that where before issuing reassessment notice, assessing officer had asked assessee to explain source of cash deposit, post-demonetization and assessee, disclosed such source being her own bank accounts and their withdrawals matching quite closely to deposits, issuance of notice discarding, such disclosure was not justified.

11. I also note that assessing officer had not specifically identified any specific defects in the purported evidences submitted by the assessee. However, I note that some of the evidences filed by the assessee, are self- servicing evidences, therefore to plug the leakage of the revenue and to meet end of Justice, I am of the view that if a net profit rate of 5% is adopted on the cash deposit, as an estimated profit, since the same would take care of the inconsistencies in various documents, which comes to Rs. 67,525/- (5% of Rs.13,50,500).



12. Before partying, I would like to make it clear that cash was deposited by the assessee in the bank account out of the defined sources, therefore, it should not be taxable under section 115BBE of the Act, hence, I direct the assessing officer to tax the addition of Rs. 67,525/-, by applying the normal rate of income tax.

13. In the result, appeal filed by the assessee, is partly allowed, in above terms.

Order pronounced in the open court on 13 / 10/ 2025.

**Sd/-
(Dr. A. L. SAINI)
ACCOUNTANT MEMBER**

Rajkot

दिनांक/ Date: 13/10/2025

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

By Order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot