

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'SMC' BENCH, BANGALORE**

**BEFORE SHRI NARENDER KUMAR CHODHRY, JUDICIAL MEMBER AND  
SHRI WASEEM AHMED, ACCOUNTANT MEMBER**

ITA No.1155/Bang/2025
Assessment Year: 2017-18

Sheela Holabasappa Mudareddi, H No.118. 1 <sup>st</sup> Main, 4 <sup>th</sup> Cross, Narayanpupr, Dharwad, Hubli, Dharwad – 580 008.	Vs.	The Income Tax Officer, Ward - 1(1), Hubli.
<b>PAN – BLWPM 6664 M</b>		
APPELLANT		RESPONDENT

Assessee by	:	Shri Hemant Kumar M Shrupali, CA
Revenue by	:	Shri Ganesh R Ghale, Standing Counsel for Department

Date of hearing	:	13.08.2025
Date of Pronouncement	:	09.10.2025

**ORDER**

**PER WASEEM AHMED, ACCOUNTANT MEMBER:**

This is an appeal filed by the assessee against the order passed by the Addl/JCIT(A)-1, Gurugram vide order dated 29/03/2025 in DIN No.ITBA/APL/S/250/2024-25/1075234426(1) for the assessment year 2017-18.

2. The issue in dispute is the addition of ₹3,00,000 sustained by the CIT(A) out of the total addition of ₹6,00,000 made by the Assessing Officer.

3. The assessee is an individual. She filed her return of income declaring only interest income of ₹15,200.00 only. During assessment, the AO found that the assessee deposited cash of ₹6,00,000 in her bank account during the demonetisation period. The assessee explained that there was a cash withdrawal of ₹5,70,000 earlier, which was redeposited. She also claimed agricultural income. The AO did not accept her explanation and treated the cash deposit as unexplained under section 69A of the Act.

4. The Id. CIT(A) partly allowed relief. He deleted ₹3,00,000 and confirmed the balance ₹3,00,000 as unexplained money under section 69A of the Act. Aggrieved, the assessee filed the present appeal.

5. The learned AR submitted that the entire deposit was explained. There was a cash withdrawal of ₹5,70,000 which was not shown to be used elsewhere. That cash was available for redeposit. Further, agricultural income was also there to support availability of cash. The assessee being an individual is entitled to a basic exemption limit of ₹2,50,000. So, no addition should have been made.

6. On the other hand, the learned DR supported the orders of the lower authorities.

7. We have heard both sides and considered the record. It is an admitted fact that cash of ₹5,70,000 was withdrawn by the assessee before demonetisation. There is no evidence on record that this withdrawn cash was spent elsewhere. In such situation, it is reasonable

to hold that the same cash was available for redeposit. Therefore, the explanation of the assessee cannot be rejected.

7.1 Further, even if there is any doubt, the assessee is entitled to the benefit of basic exemption of ₹2,50,000 under the Act. Thus, the addition made by the AO and sustained by the CIT(A) cannot be justified. Hence, the entire addition sustained by the Id. CIT(A) is deleted. In view of the above, we allow the ground of appeal of the assessee.

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

Order pronounced in court on 9<sup>th</sup> day of October, 2025

Sd/-

**(NARENDER KUMAR CHODHRY)**  
Judicial Member

Sd/-

**(WASEEM AHMED)**  
Accountant Member

Bangalore  
Dated, 9<sup>th</sup> October, 2025

/ vms /

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore