

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'B': NEW DELHI**

**BEFORE SHRI YOGESH KUMAR U.S., JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**ITA No.5124/Del/2024
(ASSESSMENT YEAR 2017-18)**

Mr. Ramesh Verma, Bhogpur Mithoni, Atal Mohalla, Mandi Chowk, Moradabad-244001 Uttar Pradesh. PAN-ACVPV3651M	Vs.	Income Tax Officer, Ward-2(1), Moradabad.
(Appellant)		(Respondent)

Assessee by	Shri Mayank Patawarai, Adv. Shri Akash Ojha, Adv.
Department by	Shri Rajesh Kumar Dhanesta, Sr. DR
Date of Hearing	22/07/2025
Date of Pronouncement	17/10/2025

ORDER

PER MANISH AGARWAL, AM:

This appeal is filed by the assessee against the order of Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A), in short] dated 18.09.2024 in Appeal No. CIT(A), Moradabad/20293/2019-20 arising out of order passed u/s 143(3) of the Income Tax Act, 1961 (hereinafter referred as 'the Act') dated 14.12.2019 for Assessment Year 2017-18.

2. Brief facts of the case are that assessee is an individual and had filed his return of income on 30.03.2018 declaring total income of Rs.4,72,820/-. The case of the assessee was selected for limited scrutiny under CASS for examination of cash

deposits and cash withdrawals in the bank accounts. The AO has observed that assessee is maintaining two bank accounts (i) with State Bank of India and (ii) with Prathma Bank. As per the AO, total cash of Rs.71,12,000/- were deposited during the year which were alleged as unexplained u/s 69A and addition was made. In addition to this, further addition was made on account of other deposit in both the bank accounts.

3. Against the said order, the assessee preferred an appeal before the Ld. CIT(A) who vide impugned order dated 18.09.2024 has partly allowed the appeal of the assessee wherein the addition to the extent of Rs.71,12,000/- made on account of cash deposits in the bank account was upheld and the additions on account of other deposits in the banks was deleted by observing that the same is beyond the scope of limited scrutiny.

4. Aggrieved by the said order, the assessee is in appeal before the Tribunal by taking the following grounds of appeal:

1. *The Ld. CIT(A) has erred in law and against the facts of the case for confirming the addition of Rs.71,12,000/- made by the Ld. AO without accepting plea of the assessee.*
2. *That the Ld. CIT(A) has erred in law and against the facts and circumstances of the case, for confirming the addition of Rs.7112000/-, out of total addition of Rs.95,12,000/- made by the Ld. AO vide his order dated 14/12/2019, by alleging that normally, the cash is withdrawn from the bank account of meet any expenditure or payment obligations and accordingly, the cash withdrawn from the bank account is not always available for re-deposit into the bank account as claimed by the appellant. In view of the above, the cash book submitted by the appellant lack credibility. Accordingly, I do not find any merit in the appellant argument that the cash deposited in the bank account is explained by the cash withdrawal made in the bank accounts and dismiss the without same, appreciating the facts of the case and documents furnished by the assessee and only on the basis assumption.*
3. *That the Ld. CIT (A) has erred in law for not accepting the cashbook submitted by the assessee as evidence in support of his claim by alleging that the cashbook was*

submitted for the first time during this proceeding which was not submitted before the assessing officer. Accordingly, the same becomes additional evidence as per Rule 46A of the Income Tax Rules and the appellant had not furnished any request for admission of additional the evidence explaining the circumstances for its admissibility, without following the doctrine of natural justice as well as without considering the fact that cash flow statement is not an additional evidence, while it is only the explanation of entries of each deposited and withdrawals from his bank accounts, which was already submitted.

4. *That the appellant craves leave to add, alter, delete, rectify and modify any of the grounds of appeal before or at the time of hearing the appeal.”*

5. All the three effective grounds of appeal taken by the assessee are with respect to the confirmation of addition of Rs.71,12,000/- made by the AO by holding the cash deposited into bank as unexplained.

6. Before us, Ld. AR of the assessee submits that though during the course of assessment proceedings, assessee was unable to file any explanation with respect to the source of cash deposited, however the assessee filed his Balance Sheet and the copy of the bank statements along with the ledger account of cash wherein the cash withdrawals made from time to time and redeposit out of such withdrawals were duly appearing as per which there was sufficient balance available with the assessee in the shape of cash in hands before making deposits in the bank. For this he drew our attention to the paper book pages 2 and 3 which contained the cash ledger and further page 4 to 18 are the copies of the bank statements of both the bank account in support of the claim of withdrawals. He further submits that both these bank accounts were duly recorded in the books of accounts maintained and part of the regular books of accounts thus, the provisions of section 69A of the Act cannot be invoked in the present case. Ld. AR, therefore, prayed for the deletion of the additions so made being fully backed by bank withdrawals made much prior to date of deposit of cash in the bank accounts. He prayed accordingly.

7. Per contra, the Ld. Sr. DR vehemently supported the order of AO and CIT(A) and submits that merely stating there was cash balance available out of the bank withdrawals cannot be accepted in absence of the details. He further submits that the cash withdrawals were for business purposes, and the assessee has tried to take the shelter of the same to explain the source and, therefore, he requested confirmation of the addition so made.

8. Heard both the parties and perused the materials available on record. In the instant case, the sole issues before us is with respect to immediate source of cash deposits made of Rs.71,12,000/- in both the bank accounts of the assessee with Prathma Bank and State Bank of India. On going through the cash flow statement submitted in the shape of ledger account of cash for the period of 01.04.2016 to 31.03.2017 as available in the PB pages 2 to 3 of the assessee, we find that there were sufficient cash balance available with the assessee as and when the cash was deposited in the bank account. It is further seen that there was opening balance of Rs.690/- and during the year the assessee made cash deposits of Rs.71,12,000/- out of total withdrawal of Rs.77,91,978/- and there was the closing cash balance of Rs.6,79,978/- at the end of the year. The said cash account was filed before the Ld. CIT(A) who failed to consider the same and confirmed the addition in the hands of the assessee. Once it is established that the assessee was having sufficient cash out of the withdrawals made from bank much prior to date of deposit, therefore, the immediate source of such cash deposit cannot be doubted.

9. In view of the above facts of the case, in our considered opinion, the lower authorities have erred in making the addition towards the cash deposit. Accordingly, we set aside the orders of lower authorities and direct the AO to delete the addition made of Rs.71,12,000/-. The grounds of appeal No.1 to 3 are thus allowed.

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

Order pronounced in the open Court on 17.10.2025.

Sd/-
(YOGESH KUMAR U.S.)
JUDICIAL MEMBER

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Dated: 17.10.2025

PK/Sr. Ps

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT, NEW DELHI