

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA No.819/Del/2025
Assessment Year: 2021-22

Sh. Manish Hada, H. No. 30, Rajokari Road, Rajokari, New Delhi	Vs.	DCIT, Central Circle-29, New Delhi
PAN: ABXPH3630H		
(Appellant)		(Respondent)

Assessee by	Sh. Mahir Aggarwal, Adv.
Department by	Sh. Dayainder Singh Sidhu, CIT(DR)

Date of hearing	29.09.2025
Date of pronouncement	29.09.2025

ORDER

PER SATBEER SINGH GODARA, JM

This assessee's appeal for assessment year 2021-22, arises against the Commissioner of Income Tax (Appeals)-30 [in short, the "CIT(A)"], New Delhi's order dated 18.12.2024 passed in case no. 30/10061/2020-21, involving proceedings under section 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

Heard both the parties. Case file perused.

2. The assessee's first and foremost substantive ground herein seeks to reverse both the learned lower authorities' action making section 69A unexplained cash addition of Rs.3,58,400/-; in assessment order dated 28.07.2022 as upheld in the lower appellate discussion reading as follows:

"5. Ground Nos. 1 to 3: The appellant, Sh. Manish Hada, challenged an addition of ₹3,58,400/- under Section 69A of the Income-tax Act, 1961, citing it as "unexplained cash." The grounds raised primarily alleged procedural errors, arbitrary rejection of evidence, and reliance on assumptions by the Assessing Officer (AO). Despite multiple adjournments requested by the appellant during the appellate proceedings, no substantial evidence or submission was provided to rebut the AO's findings. The case has been decided on the basis of material on record.

5.1 The appellant contended that the AO did not assume proper jurisdiction and the order was void ab initio. However, no specific evidence or arguments were presented to substantiate this claim. The AO's order was issued under the authority granted by Section 143(3) after proper issuance of notices under Section 142(1) and Section 143(2). The procedural validity of the assessment order stands established. The appellant's general claim of jurisdictional error without concrete evidence is untenable. The ground is dismissed.

5.2 On merit, the appellant argued that the AO arbitrarily rejected the explanation and evidence furnished during the assessment proceedings. The AO, however, relied on credible facts, including:

- Discovery of unexplained cash during a search.*
- Lack of verifiable documentary evidence provided by the appellant to substantiate the source of cash.*

5.3 The relevant portion of AO's finding i.e. para 6.2 is as under:

"62 On perusal of the above reply submitted by the AR of the assessee, it is found that the assessee has failed squarely to bring anything on record to explain the source of cash so found with him during the course of search proceedings. The assessee had nowhere submitted the documentary evidences w.r. to his claim of receiving

cash gifts and petty cash withdrawals over and above his day-to-day cash needs. Further bank statements of Sh. Manish Hada for the A.Y. 2021-22 were called for u/s 133(6) of the Act. On perusal of the same, it was observed that there had no cash withdrawal in the recent time of the search from the declared bank account maintained by the assessee. Merely making any claim without supporting evidences is not sufficient to establish its genuineness. Hence, the undersigned is satisfied that the assessee was in possession of cash amounting Rs.3,58,400/-, source of which remained unexplained in the hands of the assessee. Hence, the amount of Rs.3,58,400/- is being added to the income of the assessee as per the provisions of section 69A of the Act for the A.Y 2021-22 to be taxed in accordance with section 115BBE of the Act.”

It is clear that the appellant had ample opportunity during both the assessment and appellate proceedings to submit valid evidence or documents, such as bank statements, cash flow records, or corroborative statements from third parties, to establish the legitimacy of the cash. The appellant's repeated adjournment requests and non-compliance highlight a lack of interest in defending the case. The AO's conclusion of treating cash as unexplained under Section 69A is based on credible evidence and the appellant's failure to discharge their onus.

5.4 The appellant alleged that the addition was made solely based on suspicion and conjectures. However, this argument does not hold merit. The AO's finding was based on actual discovery of cash during the search. The appellant's inability to provide satisfactory explanations or supporting evidence strengthened the AO's case. Section 69A requires the taxpayer to explain the nature and source of any cash or valuables found during a search. In the absence of credible evidence, the AO is justified in treating such cash as unexplained income. Judicial precedents, including CIT v. Durga Prasad More (1971), affirm that where the taxpayer fails to offer a satisfactory explanation, the AO's inference can be based on the facts and circumstances of the case. The addition was based on tangible evidence and the appellant's failure to meet the evidentiary burden. The burden of proof lies on the taxpayer to explain the source and nature of cash discovered during a search. In this case, the appellant has failed to discharge this onus despite multiple opportunities. The appellant's repeated requests for adjournments and failure to submit evidence or rebut the AO's findings indicate an intent to delay the proceedings. This non-compliance justifies the dismissal of the appeal on procedural grounds as well. In the case of CIT, us. P. Mohanakala (2007), Hon'ble held that where the taxpayer fails to provide adequate evidence, additions under Sections 68/69/69A are justified. Further in the case of CIT vs. NRA Iron and Steel (2019), Hon'ble Court held

that Suspicious transactions with inadequate explanations can result in additions under the deeming provisions. In summation, the appellant failed to substantiate jurisdictional claims, thereby invalidating Ground No. 1. The AO's reliance on facts and the appellant's non-compliance render Grounds No. 2 and 3 untenable. Thus, the addition of ₹3,58,400/- under Section 69A is upheld, as the appellant could not explain the source of cash found during the search. All grounds (Ground Nos.1 to 3) are dismissed.

This is what leaves the assessee aggrieved.

3. We have given our thoughtful consideration to the assessee's and Revenue's vehement rival submissions reiterating their respective stands against and in support of the impugned addition. Suffice to say, there is hardly any dispute herein that the learned departmental authorities carried out a search action on 14.10.2020 in the case of Sh. Manoj Kumar sons and associates which revealed that he had entered into various unaccounted cash transactions including the assessee. This is what made them to add the impugned sum of Rs.3.58 lakhs, which forms subject matter of adjudication before us.

4. We have given our thoughtful consideration to the assessee's and the Revenue's vehement rival submissions. The assessee's case before us is that he had filed overwhelming supportive material before both the learned lower authorities explaining the source of the impugned sum which has been seriously contested at the Revenue's behest. Be that as it may, the fact remains that both the

learned lower authorities have nowhere considered the assessee's and his family's accumulated savings keeping in mind their socio-economic status. We accordingly are of the considered view that a *lumpsum* addition of Rs.1.8 lakhs herein in the given facts would be just and proper in the larger interest of justice subject to a rider that the same shall not be treated as a precedent. The assessee gets relief of Rs. 1,78,400/- in other words. We order accordingly.

5. No other ground or argument has been raised before us.
6. This assessee's appeal is partly allowed.

Order pronounced in the open court on 29th September, 2025

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 23rd October, 2025.

RK/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi