

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.:1854/Chny/2025

निर्धारण वर्ष / **Assessment Year: 2017-18**

Thattil Mapranath Ouseph Poly, [Represented by Jaya Poly (legal heir of the Assessee), No.18, West Main Street, Lingam Nagar, Kulumani Road, Tiruchirapalli – 620 102.	vs.	ITO, Ward -1(3), Trichy.
[PAN:AUIPP-5995-K] (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. P. M. Kathir, Advocate

प्रत्यर्थी की ओर से/Respondent by : Ms. Gouthami Manivasagam, JCIT

सुनवाई की तारीख/Date of Hearing : 22.09.2025

घोषणा की तारीख/Date of Pronouncement : 23.10.2025

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM :

This appeal filed by the assessee is directed against the order passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, [herein after "Id. CIT(A)] dated 12.06.2025 and pertains to assessment year 2017-18.

2. The assessee has raised the following grounds of appeal:

1. *"The Order of the CIT(A) is erroneous and bad in law as the same is opposed to the facts of the case and provisions of law.*
2. *The CIT(A) erred in dismissing the appeal without properly considering the submissions filed by the Appellant in violation of the principles of natural justice.*
3. *The order of assessment having been passed by the ITO 1(3), Trichy without having jurisdiction to pass the same, the CIT(A) erred in failing to quash the same.*
4. *The ITO 1(3), Trichy having passed the order of assessment in the absence of an order/notification u/s.127 of the Act, the CIT(A) went wrong in failing to annual the order of assessment.*
5. *The AO erred in making the addition of Rs.25,98,550/- as unexplained money u/s.69A of the Act and the CIT(A) erred in failing to delete the same.*
6. *The Appellant having submitted the soured for the cash deposit, the CIT(A) ought to have deleted the addition of Rs.25,98,550/-.*
7. *Alternatively, the AO having taxed the addition @60% u/s.115BBE of the Act instead of 30%, the CIT(A) ought to have taxed the addition at the appropriate rate for AY. 2017-18.*
8. *Any other ground raised at the time of hearing.*

3. The solitary issue raised by the assessee in Grounds pertains to the contention that the Id.CIT(A) erred on facts in upholding the addition of Rs.25,98,550/- made by the AO u/s. 69A r.w.s 115BBE of the Act.

4. The brief facts of the case are that the assessee is an individual engaged in retail jewellery business, plying taxis. For the year under consideration, the assessee filed his return of income on 16.09.2017 declaring a total income of Rs.7,59,030/- which included income from multiple sources such as rental income, income from jewellery business, income from plying of taxis, income from commission and interest. The case was selected for scrutiny under CASS

to examine substantial cash deposits made during the year. During the course of assessment proceedings, various statutory notices were issued to the assessee. The assessee responded to the notices from time to time. During the previous year, the assessee had made cash deposits maintained with into Indian Bank account number 916322804, Tiruchirappalli Market Branch and State Bank of India account number 20161244241, Woraiyur Branch amounting to Rs.49,12,800/- and Rs. 3,26,000/- aggregating to Rs. 52,38,800/-. In this regard, it was submitted that the cash deposits were sourced from various receipts, namely, rent received amounting to Rs.3,30,000/-, gross receipts from jewellery business amounting to Rs.9,80,250/-, commission income of Rs.3,30,000/-, gross receipts from taxi operations amounting to Rs.4,50,000/-, and sale proceeds of an old car amounting to Rs.5,50,000/-, aggregating in total to Rs.26,40,250/-. The assessee further contended that a sum of Rs.9,00,000/- represented collections from debtors, which also formed part of the source of the cash deposits. It was submitted that no books of account were maintained, as the income had been declared under section 44AD of the Income-tax Act, 1961. Furthermore, the assessee contended that bank withdrawals amounting to Rs.26,88,000/- and the opening cash balance of Rs.1,57,537/- constituted additional sources for the cash deposits made. It was further submitted that the said withdrawals were made from the assessee's own bank account and, therefore, the same ought to be treated as explained cash deposits. The AO, after examining the facts and circumstances of the case, completed the assessment u/s.143(3) of the Act on 16.12.2019. In doing so, the AO

determined the cash available for deposit at Rs.26,40,250/- and thereafter, assessed the total income of the assessee at Rs.33,57,580/-, by making additions towards cash deposits during the year under consideration u/s.69A of the Act, by holding as under:-

“Since, the assessee has source of Rs.26,40,250/- only as against the cash deposits of Rs.52,38,800/- worked out as above, the excess of Rs.25,98,550/- is treated as un-explained money u/s69A and the assessment is completed u/s.143(3) accordingly”.

5. Aggrieved by the order of the AO, the assessee preferred an appeal before the Id. CIT(A). Before the Id.CIT(A), the assessee challenged the additions made by the AO on the ground that the AO failed to consider various components of the cash inflow, such as cash withdrawals from bank accounts, opening cash balance, cash received from debtors. Additionally, the assessee has raised an additional ground stating that the assessee had also received Rs.18,94,000/- (net) from Chit Fund Transactions, which inadvertently were not disclosed during the assessment proceedings. On perusal of the documents and details furnished by the assessee, the Id.CIT(A) confirmed the additions made by the AO by holding as under: -

“The appellant’s main contention is that this addition ignores the capital receipts including cash withdrawals from banks (Rs.26,88,000/-), an opening cash balance of Rs.1,57,537/- and cash received back from debtors amounting to Rs.9,00,000/-. The appellant also seeks to introduce receipts from chit funds aggregating Rs.18,94,000/- as part of the cash inflow.

However, the arguments raised by the appellant are not supported by verifiable documentary evidences during assessment. The AO noted that the appellant has not maintained regular books of accounts, citing presumptive taxation under section 44AD, and failed to provide identity, creditworthiness, or

genuineness of the alleged debtors who repaid the amount of Rs.9,00,000/-. In the absence of confirmation letters or any supporting documentation, this claim cannot be accepted.

Given these facts, the AO has correctly rejected the explanation furnished by the appellant and has rightfully invoked section 69A to treat the excess deposit of Rs.25,98,550/- as unexplained. The addition is backed by a detailed analysis, and the appellant's subsequent claims, being new, unsubstantiated, and not presented at the assessment stage, do not merit acceptance at the appellant level.

In view of the above discussion and having considered all material facts and legal contentions, it is held that the Assessing Officer has correctly made the additions of Rs.25,98,550/- under section 69A of the Income Tax Act, 1961.

6.2 The appeal of the appellant is, therefore, devoid of merit and is hereby dismissed”.

5.1 Aggrieved by the order of the Id. CIT(A), the assessee is in appeal before us.

6. Before us, the Id. AR for the assessee submitted that the Id. CIT(A) has erred in confirming the impugned additions amounting to Rs.25,98,550/- in spite of explaining the source of cash deposit into the bank accounts of the assessee during the year under consideration. The Id.AR has filed a paper book containing 28 pages containing copies of all submissions filed before the AO which also included assessee's bank statement with Indian Bank account no 916322804 and State Bank of India, account number 20161244241 and assessee's cash flow statement for the previous year 2015-16 relevant to AY 2016-17. The Id.AR of the assessee submitted that the assessee had deposited cash amounting to Rs.52,38,800/- on various dates during the year under consideration.

6.1 Further, the Id. AR submitted that the balance source of cash deposits aggregating to Rs.25,98,550/-, as confirmed Id. CIT(A), was fully explained to have come from the realization of existing sundry debtors amounting to Rs.9,00,000/-, bank withdrawals of Rs.26,88,000/-, and opening cash balance in the business amounting to Rs.1,57,537/-. It was contended that these amounts collectively constituted the total source for the cash deposits made into the said bank account, aggregating to Rs.37,45,537/-. He further submitted that it is not the case of the department that the cash withdrawn from bank has been utilized or invested elsewhere and there is no finding of the AO or the Id. CIT(A) that the cash drawn from bank by the assessee within the same financial year, has been spent for some other purpose. The Id.AR finally concluded by submitting that the source of balance deposit amounting to Rs.25,98,550/- has been fully explained and as such prayed that the addition made by the AO and sustained by the Id.CIT(A) is not maintainable and the said addition may please be deleted.

7. Per contra, the Id. DR during the course of hearing filed written submissions and submitted that the Ld. CIT(A) had rightly dismissed the assessee's appeal and that the present appeals of the assessee deserved to be dismissed.

8. We have heard both the parties, perused materials available on record and gone through orders of the authorities. The admitted facts of the case are that the assessee had deposited a sum of Rs.52,38,800/- in cash on various

dates during the year under consideration into two bank accounts, namely, Indian Bank, Tiruchirappalli Market Branch with account number 916322804 and State Bank of India, Woraiyur Branch with account number 20161244241. The case was selected for scrutiny for the purpose of verifying the source of such cash deposits. During the course of assessment proceedings, the AO called for necessary details. The assessee explained that the cash deposits were sourced from various activities, namely, rental income of Rs.3,30,000/-, receipts from the jewellery business amounting to Rs.9,80,250/-, commission income of Rs.3,30,000/-, receipts from taxi operations amounting to Rs.4,50,000/-, and sale proceeds from old cars amounting to Rs.5,50,000/-, aggregating in total to Rs.26,40,250/-. The assessee further explained that the deposits were also fully sourced from the realization of old debtors amounting to Rs.9,00,000/-, bank withdrawals of Rs.26,88,000/-, and the opening cash balance in the business amounting to Rs.1,57,537/-. The AO, after due verification, accepted this explanation to the extent of Rs.26,40,250/-. The balance amount of Rs.25,98,550/- was treated as unexplained money u/s.69A of the Act and added to the total income of the assessee.

9. Before the Id. CIT(A), the assessee contended that the AO had failed to consider certain other sources, namely, cash withdrawals amounting to Rs.26,88,000/- from the bank accounts, along with an opening cash balance of Rs.1,57,537/- as on 01.04.2016 from the assessee's business and an amount of Rs.9,00,000/- received from debtors. According to the assessee, these

sources suffices the balance cash deposits amounting to Rs.25,98,550/-, which has been added as unexplained amount by the AO.

10. On perusal of the bank statements of the assessee pertaining to the impugned assessment year, we find that there were indeed cash withdrawals of Rs.3,00,000/- on 22.06.2016 and Rs.20,00,000/- on 03.10.2016 from the Indian Bank account along with other withdrawals from the said bank account, which have not been considered as source by the AO. We also agree with the argument of the Ld.AR, that it is not the case of the department that cash withdrawn by the assessee from Indian bank (as reflected in bank account) has been invested or spent somewhere else or has been utilized elsewhere. In the absence of any such adverse finding, the benefit of cash availability cannot be denied to the assessee. As such considering all factual circumstances, and considering the transactions of cash withdrawn from the bank account by the assessee during the impugned year, we allow the assessee the benefit of redeposit, in absence of any findings regarding the utilization of the said source of cash elsewhere. Further, it was the assessee's contention before the AO as well as the Ld.CIT(A) that one of the sources of cash deposits was the balance of cash brought forward from earlier assessment years and that the same was duly reflected in the cash flow statement of the assessee for the previous year 2015-16 relevant to AY 2016-17. The assessee has filed a copy of the cash flow statement which is available on page 26 of the paper book filed which shows the closing balance in hand amounting to Rs.1,57,537/-. It is not in doubt that the cash flow statement was

filed before the AO during the course of assessment proceedings but the same was not considered by him while deciding on the merits of the case. Apparently, the explanation given by the assessee has been rejected without assigning any reason. To our mind, if the assessee's explanation of having the opening cash in hand was to be disbelieved, there should have been cogent reasoning behind the same. Therefore, we accept the assessee's contention that as on 31.03.2016 the assessee had a closing balance of cash in hand of Rs.1,57,537/- which ought to have been considered for the purposes of explaining the source of cash deposits in the bank accounts. We are therefore of the considered opinion that these withdrawals discussed *supra*, along with the opening cash balance of Rs.1,57,537/- constitute valid sources for explaining the cash deposits made to the bank account during the year under consideration. These amounts in aggregate match the sum of Rs.25,98,550/-, being the balance cash deposit disputed by the AO. However, as regards to the realization from sundry debtors amounting to Rs.9,00,000/-, we note that the assessee has not furnished any documentary evidence either before the AO or before the Id. CIT(A). Though the assessee has declared his income u/s.44AD of the Act, the amount of sundry debtors should have been declared in the return of income. Since, no such amounts are shown in the return of income filed by the assessee, the source of collection from debtors cannot be accepted. Thus, considering in entirety the facts and circumstance of the case, we hold that the assessee has satisfactorily explained the source of the cash deposits aggregating to Rs.25,98,550/-. Consequently, we set aside the order

of the Id.CIT(A) and direct the AO to delete the addition made u/s. 69A of the Act.

11. In the result, appeal filed by the assessee is allowed.

Order pronounced in the court on 23rd October, 2025 at Chennai.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT

Sd/-

(एस. आर. रघुनाथा)

(S. R. RAGHUNATHA)

लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 23rd October, 2025

SP

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF