

IN THE INCOME TAX APPELLATE TRIBUNAL
GUWAHATI BENCH, GUWAHATI
(VIRTUAL HEARING AT KOLKATA)

SHRI MANOMOHAN DAS, JUDICIAL MEMBER
SHRI SANJAY AWASTHI, ACCOUNTANT MEMBER

I.T.A. No. 147/GTY/2025
Assessment Year: 2017-18

Ranee Narah,

Nayan Bhawan, Japorigog,
Guwahati - 781005
[PAN: ABAPN474IN]

.....**Appellant**

vs.

ACIT, Cir-2, Guwahati,

Aayakar Bhawan, Christian Basti,
G.S. Road, Guwahati - 781005

..... **Respondent**

Appearances by:

Assessee represented by : Kishor Jain, FCA
Department represented by : Kausik Ray, JCIT

Date of concluding the hearing : 14.10.2025
Date of pronouncing the order : 28.10.2025

ORDER

PER SANJAY AWASTHI, ACCOUNTANT MEMBER:

1. The present appeal arises from the order u/s 250 of the Income Tax Act, 1961 (hereafter “the Act”), dated 17.01.2025, passed by the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereafter “the Ld. CIT(A)].

1.1. In this case, the Ld. AO made two additions on account of deemed house property income (Rs. 9,30,000/-) and an amount of Rs. 1,71,85,500/- u/s 69A of the Act, on account of cash deposit deposited in bank account during demonetization period. It is seen that the assessee could not succeed before the Ld. CIT(A) on the basis of following findings:

“7.2 Ground No. 2 of the appeal is on the issue of addition of Rs. 9,30,000/- made on account of deemed income from house property. The appellant in her submission does not dispute the fact of owning more than one residential house property but is aggrieved that the AO did never call any explanation for not showing deemed income from these six house properties. Further, it is submitted all the property were used for the residential purposes of her employees and hence, inter-alia were used for her business purpose. The submission made by the appellant seems nothing but merely a self-serving statement. The appellant had not indicated as to how the use of any residential property by her employees makes her eligible for exemption from the deeming provision of section 23(4), which clearly cast a mandate on the AO to ascertain the deemed let out value of all the residential properties of an individual other than the one being used for the actual residential purpose of himself/ herself. Accordingly, I see no infirmity in the action of AO in bringing the deemed income from house property of the appellant to taxed. Accordingly, the ground No. 2 of the appeal is dismissed.

7.3.1 The fundamental question involved is that whether or not the AO was justified in making the addition of Rs. 1,71,85,500/- under section 69A in the hands of the assessee, and the most critical thing to be examined in this regard is explanation of the assessee with respect to these credits. There is no, and there cannot be any, dispute on the fundamental legal position that the onus is on the assessee to prove 'bonafides' or 'genuineness' of the money credited in their bank account. This approach finds support from the scheme of Section 68 / 69, which provides that where any sum is found credited in the books / bank accounts of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, such sum may be charged to income tax as the income of that assessee for that previous year. The burden is thus on the assessee to prove the nature and source thereof, to the satisfaction of the Assessing Officer. Everything thus hinges on the explanation given by the assessee and on how acceptable is the explanation so given by the assessee. The next question is as to what the kind of explanation that the assessee is expected to give.

7.3.9 Having considered entire facts of the case, and the case laws cited above, it is apparent that the appellant has completely failed to offer any explanation either before the AO during assessment proceedings as is evident from the finding given by the AO under para's 7.3 to 7.5 of his order, the relevant portion of which is also reproduced above under para 7.1 of this order. The appellant in her submissions has repeated the same plea as she took before the AO. The cash flow statement filed by her does not appear to be probable business transaction such as sales made in cash at Assam, debtor's realization in cash at Bareilly and the cash received there from being deposited in the bank accounts situated at Delhi. The entire sequence of events narrated by the appellant lack as logic as the probability of happening such sequence of events is highly improbable if not impossible. Moreover, the phenomenal jump in quantum of cash sales in the year of period prior to demonization vis-à-vis earlier year is not supported by any cogent evidence. Having considered the facts of the case and the case laws cited above, I find no infirmity in the order of AO. Accordingly, the addition made of Rs. 1,71,85,500/- is confirmed and Ground no.3 of appeal is dismissed.”

1.2 Aggrieved with this action of the Ld. CIT(A), the assessee has filed the present appeal with the following grounds:

“1. For that on the facts and circumstances of the case as well as on the points of Law the assessment order passed u/s 143 and order passed u/s 143 and order passed u/s 250 is bad in law.

2. For that on the facts and circumstances of the case as well as on the points of Law the assessing officer erred in making an addition of Rs. 9,30,000/- under the head income from House Property and Ld. CIT(A) also erred in confirming the same.

3. For that on the facts and circumstances of the case as well as on the points of Law the assessing officer erred in making an addition of Rs. 17185500/- as unexplained cash deposits u/s 69A r.w.s. 115BBE and the Ld. CIT(A) also erred in confirming the same.

4. For that any other grounds of appeal may kindly be allowed to be urge at the time of hearing.”

2. The Ld. AR read out from the relevant portions of the Ld. CIT(A) order (supra) and pointed out that the additions on account of deemed rental income was as per law and the addition on account of alleged unexplained cash deposit during demonetisation period was also made on sound footing, since the assessee did not give any viable explanation for the same. The Ld. AR pointed out that on similar facts in an earlier year (AY 2016-17) the matter has been remanded back to the file of Ld. AO for fresh assessment. It was pleaded that a similar view may be taken for this year in the interests of substantive justice.

3. We have carefully considered the rival submissions and have gone through the records before us. We find that in the immediately preceding year (AY 2016-17), the ITAT has passed an order in ITA No. 84/GTY/2020, order dated 23.04.2025. In the said order, the matter has been remanded back on account of cash deposits in bank account, etc. We find that in this year also substantial cash deposits have not been satisfactorily reconciled either before the Ld. AO or before the Ld. CIT(A). Regarding the other issue of deemed rental income, the Ld. AR averred that no opportunity was given to present the assessee's side of the version.

Considering the totality of facts and circumstances, we deem it fit to remand both the issues back to the file of Ld. AO for fresh assessment. The assessee would explain the nature and source of the cash deposits so deposited in the bank account and the AO would be free to conduct any enquiry as deemed fit. Regarding the issue of deemed rental income, the assessee would make a comprehensive presentation in writing before the Ld. AO, who would then consider the same in light of extant provisions of the Act. To this extent, we set aside the impugned order.

4. In result, this appeal is allowed for statistical purposes.

Order pronounced on 28.10.2025

Sd/-
[Manomohan Das]
Judicial Member

Sd/-
[Sanjay Awasthi]
Accountant Member

Dated: 28.10.2025
AK, Sr. PS

Copy of the order forwarded to:

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

//True copy//

By order

Assistant Registrar, Kolkata Benches