

आयकर अपीलीय अधिकरण, विशाखापटणम पीठ में
IN THE INCOME TAX APPELLATE TRIBUNAL
Visakhapatnam Bench

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आयकर अपीलसं./I.T.A.Nos.487 and 488/Viz/2025
(निर्धारण वर्ष/ Assessment Years: 2014-15 and 2015-16)

Satyanarayana Saka, R/o. East Godavari. PAN : HLBPS2932A (अपीलार्थी/ Appellant)	Vs.	The Income Tax Officer, Kakinada, East Godavari District. (प्रत्यर्थी/ Respondent)
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri KSS Sarma, C.A.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr. Aparna Villuri, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	16.10.2025
घोषणा की तारीख/ Date of Pronouncement	:	29.10.2025

ORDER

PER MANJUNATHA G., A.M :

These appeals filed by the assessee are directed against the separate orders of learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [in short "NFAC"], Delhi, dated

15.07.2025 relating to the assessment years 2014-15 and 2015-16, respectively. Since common issues are involved in these two appeals, these appeals were heard together and are being disposed of by this single consolidated order for the sake of convenience and brevity.

2. The brief facts of the case are that, the assessee is an individual carrying on the business of manufacturing bricks under the name and style of "Sri Vigneshwara Devi Bricks", did not file his return of income for the A.Y. 2014-15 on or before the due date provided under Section 139 of the Income Tax Act. The assessment was subsequently reopened under Section 147 of the Act, for the reasons recorded, as per which income chargeable to tax had escaped assessment on account of unexplained source for cash deposits into bank account maintained with ICICI Bank, Ramachandrapuram and accordingly, notice under Section 148 of the Act, dated 31-03-2021 was issued and served upon the assessee. In response, the assessee filed his return of income on 29.04.2021 declaring total income of Rs. 1,14,930/-. The case was selected for scrutiny and during the course of assessment

proceedings, the A.O. noticed that, there were cash deposits to the tune of Rs. 26,45,000/- in the bank account of Shri Makindi Srinivas, maintained with ICICI Bank and in a statement recorded under Section 131 of the Act, Shri Makindi Srinivas has stated before the Income Tax Authority that, bank account number 048301500766 maintained with ICICI Bank, Ramachandrapuram, in the name of Shri Makindi Srinivas, was maintained, controlled, as well as operated by Shri Satyanarayana Saka. Therefore, the A.O. called upon the assessee to explain as to why the addition should not be made under Section 69A of the Act, in respect of the cash deposited into the bank account. In response, the assessee neither filed any explanation nor explained the source for the cash deposits. Therefore, the A.O. observed that the cash deposits found in the bank account held in the name of Shri Makindi Srinivas is beneficially held by the assessee and the assessee is the beneficial owner of the cash deposited, and therefore, made an addition of Rs. 26,45,000/- under Section 69A of the Act, as unexplained money.

3. Aggrieved by the assessment order, the assessee preferred an appeal before the Ld. CIT(A).

4. Before the Ld. CIT(A), the assessee neither explained the credits in the bank account of Shri Makindi Srinivas nor filed any evidence to prove the source. Therefore, the Ld. CIT(A), on the basis of the material available on record, sustained addition made towards cash deposits of Rs. 26,45,000/- under Section 69A of the Income Tax Act.

5. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

6. The learned counsel for the assessee Shri KSS Sarma, C.A. submitted that, the Ld. CIT(A) erred in sustaining the addition towards cash deposits even though, the bank account held in the name of Shri Makindi Srinivas with ICICI Bank does not pertain to or relate to the business of the assessee. The learned counsel for the assessee, further referring to the assessment order passed in the case of Shri Makindi Srinivas, submitted that, the A.O. made addition towards cash deposits in the hands of the assessee

on substantive basis and further made addition in the hands of Shri Makindi Srinivas also on a substantive basis, even though, for the very same income, additions cannot be made in the hands of two persons. Therefore, he submitted that, the addition made in the hands of the assessee should be deleted. The learned counsel for the assessee, in the alternative, further submitted that, if at all the cash deposits is treated as the assessee's income, then the same should be considered as income from the business of manufacturing of bricks and reasonable profit may be estimated.

7. The learned Senior A.R. for the Revenue, Dr. Aparna Villuri, on the other hand, supporting the order of the Ld. CIT(A) submitted that, the assessee could not explain the source for the cash deposits into the bank account held in the name of Shri Makindi Srinivas and also not rejected or rebutted the statement given by Shri Makindi Srinivas before the A.O. Since the assessee is the beneficial owner of the bank account held in the name of Shri Makindi Srinivas, the A.O. has rightly made the addition in the hands of the assessee. Therefore, the addition made by the A.O. should be upheld.

8. We have heard both parties, perused the material available on record, and had gone through the orders of the authorities below. The A.O. has made an addition of Rs. 26,45,000/- towards cash deposited in the bank account of Shri Makindi Srinivas maintained with ICICI Bank on the ground that, Shri Makindi Srinivas admitted before the Department that the said bank account was maintained, controlled and operated by Shri Satyanarayana Saka. The A.O. made additions towards cash deposit in the bank account of third person on the ground that, the assessee is the beneficial owner of the cash deposits into bank account on a substantive basis, when the assessee is unable to explain and counter the statement given by Shri Makindi Srinivas. Further, at the same time, the A.O. had also made an addition in the hands of Shri Makindi Srinivas towards the very same cash deposits on the basis of the very same bank account held with ICICI Bank, Ramchandrapuram for Rs. 26,45,000/- under Section 69A of the Act. It is a well-settled principle of law that, the same income cannot be assessed in two cases. If at all the A.O. is having any doubt about the ownership of the income or asset, then he can make addition in the hands of one assessee on substantive

basis, where he has prima facie evidence that, the money or income belongs to the said person and further, make addition in the hands of another person on a protective basis to protect the interest of revenue.

9. In the present case, the A.O. made a substantive addition in the hands of the assessee, even though, the said bank account is not in the name of assessee and only on the basis of the statement of Shri Makindi Srinivas, and further made addition on substantive basis in the hands of Shri Makindi Srinivas for the very same cash deposits into bank account, which is contrary to the settled position of law. Therefore, we are of the considered view that, the A.O. has erred in making the addition in the hands of the assessee on a substantive basis, even though the primary evidence of bank account was not in the name of the assessee. Since there is a doubt about the ownership of the bank account in view of the statement of Shri Makindi Srinivas, and further the A.O. made additions in both the hands on a substantive basis, in our considered view, the issue needs to be set aside to the file of the A.O. for reconsideration.

10. Insofar as the arguments of the learned counsel for assessee that, if at all the cash deposited into the bank account held in the name of Shri Makindi Srinivas is to be assessed in the hands of the assessee, then the said cash deposits need to be considered as business receipts and reasonable profit may be estimated, in our considered view, unless the ownership of the bank account is established for the particular assessee, the treatment of the said cash deposits as business receipts and estimation of profit does not arise. Further, once the ownership of the bank account is established, then it is for the assessee to furnish relevant evidence to prove that, the cash deposited in the bank account is out of business receipts of the assessee, and then, it is for the A.O. to decide the estimation of profit depending upon the evidence, if any, that may be filed by the assessee. Thus, we set aside the order of the Ld. CIT(A) and remand the issue back to the file of the A.O. with a direction to reconsider the issue of assessment of cash deposits into the bank account held in the name of M. Srinivas maintained with ICICI Bank after ascertaining the ownership of the bank account and also considering explanation, if any furnished, by the assessee.

11. In result, the appeal filed by the assessee in ITA No.487/Viz/2025 for A.Y. 2014-15 is allowed for statistical purposes.

ITA No.488/Viz/2025

12. Since the facts and issues involved in this appeal are identical to the issue which we have considered in the assessee's own case for A.Y 2014-15 in ITA No.487/Viz/2025, the reasons given by us in the preceding paragraph nos.8 to 10 shall *mutatis mutandis* apply to this appeal as well. Therefore, for similar reasons, we set aside the order of the Ld. CIT(A) and remand the issue back to the file of the A.O. with a direction to reconsider the issue of assessment of cash deposits into the bank account held in the name of M. Srinivas maintained with ICICI Bank, after ascertaining the ownership of the bank account and also considering the explanation, if any, furnished by the assessee.

13. In the result, appeal of the assessee in ITA No.488/Viz/2025 for A.Y. 2015-16 is allowed for statistical purposes.

14. To sum up, both the appeals of the assessee are allowed for statistical purposes. A copy of this common order be placed in the respective case files.

Order pronounced in the Open Court on 29th October, 2025.

Sd/- (श्री रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER	Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER
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Hyderabad, dated 29.10.2025.
TYNN/sps

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Sathyanarayana Saka, 7-118, Kochelu Peta Rayavaram Mandalam, Someswaram, East Godavari District – 533261.
2.	राजस्व/ The Revenue	:	The Income Tax Officer, Kakinada, East Godavari District.
3.	The Principal Commissioner of Income Tax, Visakhapatnam.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, / DR, ITAT, Visakhapatnam.		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad