

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

Before Shri Ravish Sood, Judicial Member  
and  
Shri Balakrishnan S., Accountant Member

आ.अपी.सं /ITA No.505/Viz/2025  
(निर्धारण वर्ष/Assessment Year: 2020-21)

Govindamma Isireddy, Visakhapatnam. PAN: AFIP14540L (Appellant)	Vs.	Income Tax Officer, Ward-1(4), Visakhapatnam. (Respondent)
निर्धारिती द्वारा/Assessee by:	Sri C. Subrahmanyam, CA	
राजस्व द्वारा/Revenue by:	Dr. Aparna Villuri, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	27/10/2025	
घोषणा की तारीख/Date of Pronouncement:	31/10/2025	

**आदेश / ORDER**

**PER. RAVISH SOOD, JM :**

The present appeal filed by the assessee is directed against the order passed by the Additional/Joint Commissioner of Income-Tax (Appeals), Thane, dated 12/08/2025, which in turn arises from the order passed by the Assessing Officer (for short, "A.O.") under Section 143(3) of the Income Tax Act, 1961 (for short "the Act") dated 28/12/2019 for

A.Y. 2017-18. The assessee has assailed the impugned order on the following grounds of appeal before us:

“1. That under the facts and circumstances of the case and in law, the order passed by the Learned Income Tax Officer, Ward-1(4), Visakhapatnam, dated 28.12.2019 under section 143(3) of the Income Tax Act, 1961, as upheld by the Learned Commissioner of Income Tax (Appeals) vide order dated 12.08.2025 under section 250 of the Act, is erroneous, bad in law, violative of the provisions of the Act, and against the facts and evidence on record.

2. That the Learned Commissioner of Income Tax (Appeals) has erred in upholding the addition made by the Assessing Officer in respect of cash deposits during the demonetization period, without proper appreciation of facts and evidences.

3. That the Learned Commissioner of Income Tax (Appeals) has wrongly confirmed the addition made by the Assessing Officer by adopting a figure of cash deposit in bank of Rs.16,00,000 on Dt.11.11.2016, whereas the actual cash deposit made on that date was only Rs.8,00,000. The reliance on an incorrect figure of deposit is contrary to the bank statement and the evidences filed, and hence the addition is unsustainable.

4. That the Learned Commissioner of Income Tax (Appeals) erred in sustaining addition of balance deposits of Rs.5,00,000, ignoring the AO failure to examine and consider the evidences filed, therefore, renders the order of the CIT(A) erroneous.

5. That the Learned Commissioner of Income Tax (Appeals) has failed to consider that the Appellant had rightly claimed the cost of the asset subjected to capital gains at Rs.34,47,550/-, whereas the Assessing Officer wrongly restricted the same to Rs.29,47,050/-. As a result, the computation of capital gains sustained by the CIT(A) at Rs.10,27,950/-is erroneous, as against the correct computation of capital gains made by the Appellant at Rs.4,37,962/-.

6. Prayer

In view of the above grounds and such other grounds as may be urged at the time of hearing, the Appellant humbly prays that:

o the assessment order passed under section 143(3) dated 28.12.2019, be set aside, the additions sustained towards alleged cash deposits and the incorrect computation of capital gains be deleted in full, and the appeal of the Appellant be allowed.”

2. Succinctly stated, the assessee had filed the return of income for assessment year 2017-18 on 04/01/2018 declaring an income of Rs.8,34,900/-. Subsequently, the case of the assessee was selected for complete scrutiny under section 143(2) of the Act.

3. During the course of the assessment proceedings, the AO inter alia, observed that the assessee had made cash deposits of Rs.16 lakhs during the demonetization period in her bank account No.4842155000003785 with Karur Vysya Bank. Although, the AO though found favour with the assessee's explanation that the subject cash deposits comprised of an amount of Rs.3 lakhs that was received by him from his daughter Smt. Rajitha Reddy, but at the same time held the balance cash deposit of Rs.13 lakhs as having been sourced out of her unexplained income under section 69A of the Act. Accordingly, the AO vide his order passed under section 143(3) of the Act, dated 28/12/2019, inter alia, made an addition of Rs.27,24,950/-.

4. Aggrieved, the assessee carried the matter in appeal before the CIT(A) who upheld the aforesaid addition of Rs.13 lakhs. For the sake of clarity, the observations of the CIT(A) on the subject issue are culled out as under:

“2 Ground No. 2, 3 & 4: These grounds deal with the addition of Rs. 13,00,000/- on account of cash deposit:

5.2.1 During the course of assessment proceedings, the AO noticed that the appellant had deposited cash of Rs. 16,00,000/- in Karur Vysya Bank during the demonetisation period. The appellant was asked to explain the source of the cash.

The appellant stated that the cash deposit amounted to Rs. 8,00,000/- and not Rs. 16,00,000/-. However, the AO stated that the bank statements submitted were not clearly visible and therefore requested the appellant to furnish clearly visible copies of bank statements, but the appellant remained silent. Further, AO stated that there is no scope for AO to find actual figure of cash deposit made during the year as the bank statement was filed by appellant was not visible. Hence, the contention of the appellant was not accepted. Further, the appellant submitted that she had received Rs. 3,00,000/- from daughter Smt. Rajitha Reddy. In support of the claim, appellant filed confirmation letter duly notarized by notary. Taking into consideration the cash deposit of Rs. 3,00,000/- was accepted by AO. And balance amount of Rs. 13,00,000/- was added to the total income of appellant.

5.1.2 During the course of appellate proceedings, the appellant was asked to make submissions in support of the grounds of appeal. The appellant submitted the bank statements for Karur Vysya Bank for full year. From bank statement, it is found that there is only one transaction of cash deposit of Rs. 8,00,000/- on 11.11.2016. The appellant stated that Rs. 8,00,000/- is from sale of property. The appellant has received Rs. 39,75,000/- from sale of 5 vacant lands. The appellant deposited Rs. 32,00,000/- in central bank of India, the same was also accepted by AO. This is the remaining amount of sale of property. However, the appellant has not substantiated his submission with supporting documentary evidences. In such a scenario, the genuineness of the transaction remains questionable. Accordingly, the addition of Rs.13,00,000/- is sustained, and these grounds on appeal are dismissed.”

5. The assessee being aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

6. Sri C. Subrahmanyam, Chartered Accountant, the Learned Authorized Representative (for short, “Ld. AR”) for the assessee, at the threshold of hearing of the appeal, submitted that both the authorities

below had grossly erred in law and facts of the case in observing that the assessee had during the demonetization period made cash deposits of Rs. 16 lakhs in her bank account. Elaborating on his contention, the Ld. AR submitted that the assessee during the subject year had only made cash deposits of Rs.8 lakhs in her account No. 4842155000003785 with Karur Vysya Bank, Branch Seetammadhara, Visakhapatnam. The Ld. AR to buttress his contention had taken us through the copy of the assessee's bank account with Karur Vysya Bank limited for the subject year. The Ld. AR had specifically drawn our attention to the transaction of cash deposit of Rs. 8 lakhs made in the assessee's aforementioned bank account on 11/11/2016. The Ld. AR submitted that though the aforesaid fact was brought to the notice of both the authorities below, but they had most arbitrarily brushed aside the said material aspect and had taken the amount of the cash deposits at Rs.16 lakhs. The Ld. AR based on his aforesaid contention submitted that going by the version of the authorities below the addition that was liable to be sustained in the hands of the assessee was to be restricted to an amount of Rs.5 lakhs (Rs.8,00,000 – Rs.3,00,000). Elaborating further, the Ld. AR submitted that considering the CBDT Instruction No. 03/2017, dated 21/02/2017 the availability of cash in hand with the assessee, a widow, that was sourced out of her

accumulated savings over the years had also most arbitrarily been brushed aside by the authorities below.

7. Per contra, Dr. Aparna Villuri, the Learned Departmental Representative (for short "Ld. DR") relied upon the orders of the lower authorities. However, on a specific query by the Bench that on what basis the cash deposits in the bank account of the assessee with Karur Vysya Bank (supra) had been taken by the authorities below at Rs. 16 lakhs, the Ld. DR failed to come forth with any explanation.

8. We have thoughtfully considered the facts involved in the present case in the backdrop of the contentions advanced by the Learned Authorized Representatives of both the parties.

9. Ostensibly, we find substance in the Ld. AR's claimed that the total cash deposits in the bank account of the assessee made during the demonetization period in her bank account No. 4842155000003785 with Karur Vysya Bank, Branch Seetammadhara, Visakhapatnam amounts to Rs.8 lakhs (deposited on 11/11/2016). Although, the aforesaid claim of the assessee has not been dislodged by the Ld. DR by placing any material on record proving to the contrary or referring to any observation of the lower authorities, but we are of the considered view that the matter in all fairness requires to be revisited by the AO and cannot summarily

adjudicated on the very face of it. We, thus, in terms of our observations restore the issue to the file of the AO with a direction to look into the veracity of the assessee's claim that she had during the demonetization period only made a cash deposit of Rs. 8 lakhs in her bank account. At this stage, we may herein observe that when the Ld. AR was queried about the observations of the authorities below, about the cash deposits of Rs. 16 lakhs made in the assessee's bank account during the subject year it was submitted by him that they had erroneously also considered the maturity proceeds of his fixed deposits (FDR) that were credited in the same bank account, viz., (i) on 26/08/2016: Rs. 5,09,822/-; and (ii) on 05/10/2016: Rs. 3,01,640/- and wrongly construed the same as cash deposits.

10. Be that as it may, we are of the view that the matter in all fairness requires to be revisited by the AO. We, thus, in terms of our aforesaid observations direct the AO to verify the veracity of the assessee's claim and re-adjudicate the said aspect.

11. Apropos, the Ld. AR's claim that the authorities below had erred in not allowing any credit regarding the availability of cash in hand with the assessee out of her accumulated cash savings which would have sourced the cash deposits in her bank account during the demonetization

period, we find substance in the same. At this stage, we may herein observe that the CBDT vide its Circular No. 03/2017, dated 21/02/2017 had specifically observed that availability of an amount of Rs. 2.50 lakhs is to be accepted in case of an assessee not having any business income. Accordingly, we herein direct the AO to allow the credit of an amount of Rs. 2.50 lakhs in the hands of the assessee while computing the addition under section 69A of the Act.

12. Resultantly, the appeal filed by the assessee is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the open court on 31<sup>st</sup> October, 2025.

<b>Sd/-</b> <b>(BALAKRISHNAN S.)</b> <b>ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(RAVISH SOOD)</b> <b>JUDICIAL MEMBER</b>
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Hyderabad,  
Dated 31<sup>st</sup> October, 2025  
**OKK / SPS**

Copy to:

S.No	Addresses
1	Govindamma Isireddy, 46-19-5, Mandavari Street, Dondaparthi, Visakhapatnam-530016, Andhra Pradesh.
2	Income Tax Officer, Ward-1(4), Visakhapatnam. (ii) Income Tax Officer, Ward-1(1), CR Building, Vijayawada.
3	The Pr. Commissioner of Income Tax, Visakhapatnam.
4	The DR, ITAT, Visakhapatnam Bench
5	Guard File

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