

आयकर अपीलीय अधिकरण, विशाखापटणम पीठ, विशाखापटणम

**IN THE INCOME TAX APPELLATE TRIBUNAL
VISA KHAPATNAM "DIVISION" BENCH, VISA KHAPATNAM**

(HYBRID HEARING)

**श्री रवीश सूद , न्यायिक सदस्य एवं श्री एस बालाकृष्णन, लेखा सदस्य के समक्ष
BEFORE SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**

&

SHRI S BALAKRISHNAN, HON'BLE ACCOUNTANT MEMBER

**आयकर अपीलसं./I.T.A.No.440/VIZ/2025
(निर्धारण वर्ष/ Assessment Year:2017-18)**

Gottimukkala Vidya Latha D.No. 6-21-12, K.T. Road Chitti Nagar, Vijayawada – 520001 Andhra Pradesh [PAN:BMHPG8128D]	Vs.	Income Tax Officer – Ward – 1(1) C.R. Building Vijayawada Andhra Pradesh
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Smt. Sandhya Samudrala, Advocate
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr. Aparna Villuri, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	07.10.2025
घोषणा की तारीख/Date of Pronouncement	:	07.11.2025

आदेश /O R D E R

PER SHRI S. BALAKRISHNAN, ACCOUNTANT MEMBER:

1. This appeal is filed by the assessee against the order of Learned Commissioner of Income Tax (Appeals), National Faceless Appeal centre, Delhi [hereinafter in short "Ld.CIT(A)"] vide DIN & Order No. ITBA/NFAC/S/250/2025-26/1076576295(1) dated 30.05.2025 for the

A.Y.2017-18 arising out of order passed under section 143(3) of Income Tax Act, 1961 (in short 'Act') dated 14.12.2019.

2. Briefly stated facts of the case are, assessee filed return of income for the A.Y. 2017-18 on 21.12.2017 admitting a total income of Rs.5,060/-. The case was selected for limited scrutiny through CASS on the issue of "cash deposits during demonetization period". Notice under section 143(2) and 142(1) of the Act were issued and served on the assessee calling for information. During the course of assessment proceedings notice under section 133(6) of the Act was addressed to the bankers for obtaining account statements and details of Specified Bank Notes deposited by the assessee during the demonetization period. It was noticed that assessee has deposited Rs.65 Lakhs in Specified Bank Notes on 28.11.2016 and Rs.5 Lakhs on 19.12.2016 in the Andhra Bank. Thereafter, summons under section 131 of the Act was issued on 04.10.2019 to ascertain the sources for cash deposits. In response, assessee's husband appeared and replied that assessee had withdrawn Rs.65 lakhs from her bank account held with HDFC Bank, Krishna Nagar Branch, Vijayawada on 09.10.2014 which is out of compensation received from Government of Andhra Pradesh and the cash is deposited in during the demonetization period is out of such withdrawals. Ld.AO did not accept the explanation of the assessee disbelieving that cash withdrawn on 09.10.2014 was held for two years by the assessee and deposited on 28.11.2016. Further, assessee also submitted that

Rs.5 lakhs deposited on 19.12.2016 represents the cash received from Smt.Kantamma (Mother of the assessee). Ld. AO thereafter proceeded to make an addition of Rs.70 Lakhs under section 69A r.w.s. 115BBE of the Act in the hands of the assessee.

3. On being aggrieved by the order of the Ld. AO, the assessee carried the matter in appeal before Ld. CIT(A). Before Ld. CIT(A), assessee reiterated the submissions made before the Ld. AO. The Ld. CIT(A) deleted the addition of Rs.65 lakhs but however sustained the addition of Rs.5 lakhs made by the Ld.AO thereby partly allowed the appeal of the assessee.

4. The assessee being aggrieved by the order of the Ld. CIT(A), filed an appeal before the Tribunal by raising following grounds of appeal: -

1) *The order of learned CIT (A) is erroneous to the extent it is prejudicial to the appellant;*

2) *The learned CIT (A) ought to have considered the fact that an amount of Rs. 5,00,000/- was received from Smt. Divi Kanthamma, mother of the appellant who possessed substantial agricultural land and derived income:*

3) *The learned CIT (A) ought to have considered the fact that she confirmed the fact that she provided the amount of Rs.5 lakhs to the appellant herein and that she explained the sources for providing su amount of Rs. 5,00,000/-.*

4) *Any other ground/grounds that may be urged at the time of hearing."*

5. The only issue emanating from the grounds of appeal is with respect to sustaining the addition of Rs.5 lakhs by the Ld. CIT(A). On this issue,

Ld.Authorised Representative [hereinafter “Ld.AR”] submitted that assessee received an amount of Rs.5 Lakhs from Smt. Divi Kantamma (Mother of the assessee) out of the agricultural income earned by Smt. Divi Kantamma. She submitted that the assessee transferred Rs.6,20,000/- on 27.07.2014 to her mother Smt. Divi Kantamma which was returned by assessee’s mother during the demonetization period which was utilized for depositing into the bank account on 19.12.2016. She submitted that an affidavit in this respect has been submitted before Ld. CIT(A). Further she also submitted that the assessee father Shri Divi Malyadri owns 11 Acres of agricultural land and the income derived from such land was utilized for the purpose of making cash deposits. She therefore pleaded that addition be deleted.

6. Per contra, Ld. Departmental Representative [hereinafter in short “Ld.DR”] relied on the orders of the Revenue Authorities and submitted that the assessee has not produced any evidences with regarding to earning of agricultural income but has submitted only land holding documents. Therefore, the genuineness of the income cannot be believed and hence addition made by the Ld. AO be sustained.

7. We have heard both the sides and perused the material available on record. It is an admitted fact that the Ld. CIT(A) has granted relief to the extent of Rs.65 lakhs based on the cash withdrawals made by the assessee during the earlier year and deposited during the demonetization period. Further,

Ld.CIT(A) also observed that assessee has not submitted any evidences in support of the income received from agricultural operation and hence sustained the made by the Assessing Officer for Rs.5 lakhs. However, the CBDT in Instruction No. 3/2017 dated 21.02.2017 clearly states in Para No. 1.1 as follows: -

"1.1 In case of an individual (either than minors) not having any business income, no further verification required to be made if total cash deposit is up to Rs.2.5 lakh. In case of taxpayers above 70years age, the limit is Rs.5 lakh per person. The source of such amount can be either household savings/ savings from past income or amounts claimed to have been received from any of the sources mentioned in Paras 2 to 6 below. Amounts above this cut-off may require verification to ascertain whether the same is explained or not. The basis for verification can be income earned during past years and its source, filing of ROI and income shown therein, cash withdrawals made from accounts etc."

8. There is no dispute on the fact that assessee's father owns agricultural lands. The only contention of the Revenue Authorities is that the genuineness of the income received from agricultural operations was not established by the assessee beyond doubt. The above CBDT Instruction No. 3/2017 (supra) clearly supports the view that the sources of amounts from house hold savings and savings from past income subject to the limits specified do not require verification. In the instant case, it is the submission of the assessee that at the relevant point of time in possession of cash in hand amounting to Rs.5 lakhs which is stated to be earned out of the agricultural operations during the earlier assessment years and the impugned assessment year. As amount is within the specified limits vide CBDT Instruction 3/2017 (supra) we have no hesitation to

direct the Ld. AO to delete the addition of Rs.5 lakhs in the backdrop of aforesaid observations. Accordingly, grounds raised by the assessee is allowed.

9. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on 07th November, 2025.

Sd/-

(रवीश सूद)

(RAVISH SOOD)

न्यायिक सदस्य/JUDICIAL MEMBER

Dated: 07.11.2025

Giridhar, Sr.PS

Sd/-

(एस बालाकृष्णन)

(S. BALAKRISHNAN)

लेखा सदस्य/ACCOUNTANT MEMBER

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1. निर्धारिती/ The Assessee : **Gottimukkala Vidya Latha**
D.No. 6-21-12, K.T. Road
Chitti Nagar, Vijayawada – 520001
Andhra Pradesh
2. राजस्व/ The Revenue : **Income Tax Officer – Ward – 1(1)**
C.R. Building
Vijayawada
Andhra Pradesh
3. The Principal Commissioner of Income Tax
4. विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण, विशाखापटणम /DR,ITAT, Visakhapatnam
5. The Commissioner of Income Tax
6. गार्डफ़ाईल / Guard file

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Visakhapatnam