

IN THE INCOME TAX APPELLATE TRIBUNAL
JODHPUR BENCH (Virtual) JODHPUR

BEFORE DR. MITHA LAL MEENA, HON'BLE ACCOUNTANT MEMBER
AND DR. S. SEETHALAKSHMI, HON'BLE JUDICIAL MEMBER

ITA No. 309/Jodh/2025
(Assessment Year 2017-18)

Madan Lal Sharma, C/o. Shri Virendra Jain (Advocate) Sethia Marothi Guwad, Bikaner – 334001. PAN No. CIKPS0268L		ITO, Ward-Nokha, Bikaner.
Assessee by	Shri Virendra Jain, Advocate	
Revenue by	Dr. Ashwini Hosmani, Addl. CIT-DR	
Date of Hearing	11.11.2025.	
Date of Pronouncement	25.11.2025.	

ORDER

DR. MITHA LAL MEENA, A.M.:

The captioned appeal has been filed by the assessee against the order of the Id. National Faceless Appeal Centre [NFAC/CIT(A)], Delhi dated 21.03.2025 in respect of Assessment Year: 2017-18 where the assessee has raised following grounds:

1. On The fact and The and circumstances of the case Ld. CIT(A) has erred in sustaining the order passed by Ld. AO which is bad in law and bad on facts and is contrary to the principles of natural justice. The proceedings u/s 144 are bad in law and bad on facts.



2. On The fact and The and circumstances of the Rs. case Ld. CIT(A) has erred in sustaining the addition Rs. 10,66,638/- made by AO U/S 69A on account of cash deposits during the demonetization period. He has completely ignored Submission of the appellant as well as the remand report submitted by Ld. AO himself. So the addition made above deserve to be deleted. Ld. CIT also ruled out the contention that the bank account was closed before demonetization period and not even a single penny was deposited during then demonetization period. The money deposited before demonetization period was trade sale proceed of the appellant and all money was accounted in his books of accounts. The addition so made and confirmed is arbitrary and unwarranted, addition may kindly be quashed.
 3. On The fact and The and circumstances of the case Ld. CIT(A) as well as AO have erred in making or confirming the tax imposition under special rate U/S 115BBE on addition 10,66,638/- U/S 69A of the IT Act in this case so it may please be deleted.
 4. The Id. CIT(A) has erred in sustaining interest charged u/s 234A, 234B and 234C of the Act.
2. The sole issue challenged by the appellant that the CIT(A)'s decision is illegal in sustaining addition of 10,66,638/- in respect of cash deposits in bank account as unexplained money u/s 69A of the Act.
3. Having heard both the sides and perusal of record, we find that appellant assessee has made a cash deposit of Rs. 10,66,638/- in its bank account out of cash sales before the demonetization period. However, the AO made the addition of the said amount in an exparte order u/s 144 of the Act, although in the remand report, furnished in rebuttal to the submission of the assessee



before the Ld. CIT (A), he has accepted in principle the source of the disputed cash deposited as explained. The Ld. CIT (A) has failed to appreciate the merits of the case and brushing aside the remand report and explanation of the assessee, and thus the addition confirmed in violation of mandate is highly discouraging and unfair.

4. The AR for the appellant argued that the CIT(A)/NFAC has sustained addition of Rs 10,66,638/- in respect of cash deposits in bank account as unexplained money u/s 69A of the act in arbitrary manner rejecting source of aforesaid cash deposits in bank account which was duly supported with credible evidence. He argued that the CIT(A) NFAC has sustained the addition in a hypothetical manner ignoring the explanation of assessee that this cash was deposited out of genuine source of cash sales of the assessee which are supported from credible evidence in the form of sales invoices. The AR contended that the entire cash deposit was made from cash sale of trading in Agri products and that not a single rupee in cash in old currency has been deposited during demonetization period. In support of the source of the disputed cash deposit in the bank account, the assessee has filed an Affidavit, of Registered Notary, Govt of India (APB, Pgs. 13-14) and that the content of this affidavit remained unrebutted and not disproved by the Department.



5. In the present case, the documents furnished are concrete evidence in proof of cash deposits made in the bank before demonetization period because the copy of bank statement duly supported with affidavit as above speak about the source of the cash available with the assessee. Considering the peculiar fact of the case that assessee explained the source by furnishing credible evidence source of the cash deposit, made in the bank accounts, before the demonetisation period, we find no reason in rejecting the source of the cash deposit.
6. Therefore, we hold that the order of the Ld. CIT (A) is perverse to the facts on record and against the principles of law.
7. Thus, the source of disputed cash deposit of Rs. 10,66,638/- in the bank account of the assessee stands explained. Accordingly, the addition of Rs. Rs 10,65,000/- sustained by the Ld. CIT (A) is deleted.
8. In the result, the appeal of the assessee is allowed.

Order pronounced on ²⁵...../..11...../2025 in the open court.

— sd / —

(DR. S. SEETHALAKSHMI)
JUDICIAL MEMBER

✓
— sd —

(DR. MITHA LAL MEENA)
ACCOUNTANT MEMBER

Dated : ²⁵...../..11...../2025

Copies to :

- (1) The appellant.
- (2) The respondent.
- (3) CIT
- (4) CIT(A)
- (5) Departmental Representative
- (6) Guard File

By Oder
Assistant Registrar,
Income Tax Appellate Tribunal,
Jodhpur Bench,
Jodhpur.

