

आयकर अपीलिय 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.207/Viz/2025  
(निर्धारण वर्ष/Assessment Year:2017-18)

Venkata Narasimham Thota, Veeravaram, Kirlampudi. PAN: ACHPT2895H (Appellant)	Vs.	Income Tax Officer, Ward-2, Kakinada. (Respondent)
निर्धारिती द्वारा/Assessee by:	Shri Boda Anand Kumar, CA (Hybrid)	
राजस्व द्वारा/Revenue by:	Dr. Aparna Villuri, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	27/11/2025	
घोषणा की तारीख/Date of Pronouncement:	05/12/2025	

आदेश / ORDER

**PER. RAVISH SOOD, JM:**

The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax, National Faceless Appeal Centre, Delhi, dated 20/08/2024, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under Section 143(3) of the Income-tax Act, 1961 (for short, "Act"), dated 16/12/2019,

for the Assessment Year 2017-18. The assessee has assailed the impugned order of the CIT(Appeals) on the following grounds of appeal before us.

1. In the facts and circumstances of appellant's case, the impugned order passed u/s 250 of I.T. Act is in violation of principles of natural justice and liable to be set aside, as, on one hand, as per the communication from Assessing Officer dated 19-06-2024 duly replied by appellant, the Learned Commissioner of Income-tax (Appeals) National Faceless Appeal Centre (NFAC), Delhi (here in after referred to as CIT(A)) has called for a remand report from the Assessing Officer on the evidences filed and on the other hand passed the impugned order dated 20-08-2024 without even mentioning about the said remand report/without even bringing on record the relevant details called for.
2. In the facts and circumstances of appellant's case, the impugned order under section 250 of I.T. Act passed by CIT(A) is not correct both on the facts and in the law applicable to the facts of the appellant's case and hence liable to be set aside.
3. In the facts and circumstances of appellants case, the CIT(A) is erred in upholding the addition of Rs.20,28,000/- made by Learned Assessing Officer invoking provisions of section 69A of I.T. Act and taxing the same at special rates invoking the provisions of section 115BBE of I.T. Act, averring that the source of cash deposit of Rs.20,28,000/- remained unexplained in the absence of any corroboratory evidences.
  - 3.1. The Learned CIT(A) ought to have appreciated that, the appellant has clearly explained the source for the cash deposits of Rs. 20,28,000/-, such as, an amount of Rs. 18,63,000/- realized from debtors, supported by confirmation letters from respective debtors and remaining amount of Rs. 1,65,000/- is out of cash in hand. Thus, the monies are properly explained with corroborative evidence and as such very addition is unwarranted and liable to be deleted.
4. The very upholding of interest under section 234A, 234B and 234C totalling to Rs.6,59,933/- is not correct in the facts and circumstances of appellant's case.
5. For the above grounds and any other ground or grounds, that may be urged during the course of hearing of the appeal, the appellant humbly prays to allow the appeal with consequent relief in favour of appellant as prayed in grounds of appeal or to give appropriate relief as the Hon'ble Income Tax Appellate Tribunal, may deem it fit, in the facts and circumstances of appellant's case."

2. Succinctly stated, the assessee had filed his return of income for the AY 2017-18 on 06/02/2018 declaring an income of Rs. 6,83,050/-. The return of income filed by the assessee was processed as such under section 143(1) of the Act. Subsequently, the case of the assessee was selected for "Limited scrutiny" through CASS to verify the "cash deposits made by the assessee during the demonetization period".

3. Thereafter, the AO vide his order passed under section 143(3) of the Act, dated 16/12/2019, in the absence of a duly substantiated explanation of the assessee regarding the nature and source of the cash deposits of Rs. 20,28,000/- made in his bank accounts during the subject year, added the same as his unexplained money under section 69A of the Act. Accordingly, the AO vide his order under section 143(3) of the Act, dated 16/12/2019, determined the income of the assessee at Rs. 27,11,050/-.

4. Aggrieved, the assessee carried the matter in appeal before the CIT(A) but without success. For the sake of clarity, the observations of the CIT(A) are culled out as under:

"6. Appellate Findings:

6.1 Ground of appeal No. 1 and 1 and 5 are general in nature and no need to separate adjudication.

6.2 Ground No. 2 and 3 are against the action of A.O. for additions of Rs.20,28,000/- made u/s 69A as unexplained money.

6.2.1 During the appellate proceedings, the appellant made the submission regarding the source for the deposit of Rs. 20,28,000/-. As per the submissions of the appellant, the amount of Rs. 18,63,000/- was realization from debtors. The appellant has submitted confirmation letter regarding the amount realized from the debtors and has also submitted that the remaining amount of Rs. 1,65,000/- was out of cash in hand. The submission made by the appellant that the amount received from the debtors was in cash, is not backed by documentary evidence. The appellant has submitted PAN of the debtors, however, the copy of their ITRs to establish their creditworthiness is not filed. Hence, the creditworthiness and genuineness limbs of the cash transactions are not proved by the appellant. Also, the specified Bank Notes (SBN) were allowed to be accepted only in certain businesses like petrol pump, pharma and banking etc. vide Govt. Gazette Notification no 2652 dated 08, Nov. 2016. Individuals who are impugned lenders must have deposited cash in their own accounts as well and may be such impugned transactions would be done with many more entities. In this scenario, mere PAN is not sufficient to prove the creditworthiness or genuineness of such transactions.

6.2.2 The appellant also submitted that the above cash transactions were on account of supply of coconuts, sugar cane and other agricultural products. However, no documentary evidence was submitted in support of his claim. Hence, the explanation is unconvincing and deserves to be rejected. The Department does not then proceed on no evidence, because the fact that there was receipt of money, is itself evidence against the assessee. There is thus prima facie evidence, against the assessee which he fails to rebut, and being un rebutted, that evidence can be used against him by holding that it was its unaccounted income. The very words "an undisclosed source show that the disclosure must come from the assessee and not from the Department".

Kale Khan Mohammad Hanif v CIT[1963] 50 ITR 1 (SC)

"It is well established that the onus of proving the source of a sum of money found to have been received by the assessee is on him. If he disputes liability for tax, it is for him to show either that the receipt was not income or that if it was, it was exempt from taxation under the provisions of the Act. In the absence of such proof, the Income-tax Officer is entitled to treat it as taxable income.

(ii) Roshan Di Hatti v CIT [1977] 107 ITR 938 (SC) COME

"Now, the law is well settled that the onus of proving the source of a sum of money found to have been received by an assessee is on him. If he disputes the liability for tax, it is for him to show either that the

receipt was not income or that if it was, it was exempt from taxation under the provisions of the Act. In the absence of such proof, the revenue is entitled to treat it as taxable income.

To put it differently, where the nature and source of a receipt whether it be of money or of other property, cannot be satisfactorily explained by the assessee, it is open to the revenue to hold that it is the income of the assessee and no further burden lies on the revenue to show that that income is from any particular source."

iii. Sumati Dayal v. CIT [1995] 80 Taxman 89 (SC)

"But, in view of Section 68 of the Act, where any sum is found credited in the books of the assessee for any previous year the same may be charged to income tax as the income of the assessee of that previous year if the explanation offered by the assessee about the nature and source thereof is, in the opinion of the Assessing Officer, not satisfactory. In such case there is, prima facie, evidence against the assessee, viz., the receipt of money, and if he fails to rebut, the said evidence being unrebutted, can be used against him by holding that it was a receipt of an income nature. While considering the explanation of the assessee the Department cannot, however, act unreasonably."

In the light of above, the source of cash deposit of Rs.20,28,000/- remained unexplained in the absence of any corroboratory evidence. Therefore, I confirm the addition made by Ld. AO amounting to Rs.20,28,000/- u/s 69A of the I.T. Act, 1961.

6.3 Ground No. 4 is consequential in nature and does not require separate adjudication.

6. Resultantly, the appeal of the appellant is not allowed."

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

6. Sri Boda Anand Kumar, Chartered Accountant, the Learned Authorised Representative (for short, "Ld. AR") for the assessee, at the threshold of hearing of the appeal, submitted that the same involves a delay of 165 days. Elaborating on the reasons leading to the delay, the

Ld. AR submitted that the same had crept in for the reason that the assessee for the last six months had been suffering from ill health and thus, could not concentrate on his personal matters and only after partial recovery had, without any further loss of time, filed the present appeal. Elaborating on his claim, the Ld. AR submitted that the assessee during the preceding year was diagnosed with Right Upper limb Ischemia and also suffered from Gangrene of his right ring finger and middle finger, which had to be amputated. The Ld. AR to support his contention had taken us through the Medical Certificates of "CARE Hospitals" along with certified copies of other medical reports.

7. Per contra, the Ld. DR did not object to the seeking of the condonation of the delay in filing of the present appeal by the assessee.

8. We have given thoughtful consideration and are of a firm conviction that, as there were justifiable reasons leading to the delay in filing of the present appeal by the assessee, therefore, the same, in all fairness, merits to be condoned.

9. We have heard the Learned Authorised Representatives of both parties, perused the orders of the lower authorities and the material available on record.

10. Shri Boda Anand Kumar, Chartered Accountant, the Learned Authorised Representative (for short, "Ld. AR") for the assessee, at the threshold of hearing of the appeal, submitted that the order passed by the CIT(A) suffers from a serious infirmity. Elaborating on his contention, the Ld. AR submitted that though the CIT(A) in the course of the appellate proceedings had called for a "remand report" from the AO, but, there is no whisper in his order about the same. The Ld. AR submitted that pursuant to the directions of the CIT(A), the AO, i.e., ITO, Ward-1, Kakinada vide letter, dated 19/06/2024, had called upon the assessee to attend his office on 26/06/2024 at 11.00 am to facilitate furnishing the "remand report" as was called for by the CIT(A) in his case, Page No.46 of APB. The Ld. AR submitted that the assessee, pursuant to the aforesaid letter, dated 19/06/2024 (supra), had furnished the requisite information/details vide his letter, dated 26/06/2024 with the AO, Page No.48 to 50 of APB. The Ld. AR submitted that as the CIT(A), after calling for a "remand report" with respect to the "additional evidence" that was filed by the assessee in the course of the proceedings before him, had summarily disposed of the appeal without referring to the "remand report" that he had called from the AO, therefore, the same not only reveals the half-hearted approach that he had adopted while disposing the appeal, but had also resulted to passing of a premature order by

him., which, thus, cannot be sustained and is liable to be set aside. The Ld. AR submitted that the matter, in all fairness, be set aside to the file of the CIT(A) with a direction to re-adjudicate the same after recording his observations regarding the “remand report” that he had called from the AO with respect to the “additional evidence” that was filed by the assessee before him.

11. Per contra, Dr. Aparna Villuri, the Learned Senior Departmental Representative (for short, “Ld. Sr. DR”), relied upon the orders of the authorities below.

12. We have thoughtfully considered the contentions of the Learned Authorised Representatives of both parties in the backdrop of the orders of the authorities below.

13. Admittedly, it is a matter of fact discernible from the record that, as per the letter issued by the ITO, Ward-1, Kakinada, dated 19/06/2024, marked as ITBA/COM/F/17/2024-25/1065816426(1), CIT(A), NFAC had called upon the AO to file a “remand report” regarding the “additional evidence” that was filed by the assessee before him. Also, we find that the AO pursuant to the directions of the CIT(A), had called upon the assessee to furnish certain details, viz., (i) details of cash deposits during the demonetization period along with sources thereof; (ii) sources for

cash deposits made in all bank accounts during the subject year; (iii) to file a tabular chart narrating the details of bank account numbers, branch and amount deposited during the demonetisation period; and (iv) furnish copies of the bank statements for the year under consideration. In compliance, the assessee had vide his reply dated 26/06/2024 filed with the AO the requisite details as were called for by him, Page Nos. 48 to 50 of APB. Considering the aforesaid facts, we find substance in the Ld. AR's claim that though the CIT(A) in the course of the appellate proceedings had called upon the AO to furnish a "remand report", and in compliance thereto the AO had called for certain details from the assessee which were filed by the latter, but there is no whisper in the CIT(A) order about any "remand report". Also, the fate of the assessee's request before the CIT(A) for admission of certain "additional evidence" that was filed before the CIT(A) had also remained undecided.

14. We, thus, in the backdrop of the aforesaid facts are of a firm conviction that as the CIT(A) had disposed of the appeal based on his premature observations, i.e., without considering the "remand report" that was called for by him in the course of the appellate proceedings, nor adjudicated upon the assessee's request for admission of "additional evidence" that was filed before him thus, he had failed to take his order to a logical end. Accordingly, in all fairness and in the interest of justice,

we set aside the matter to the file of the CIT(A) with a direction to re-adjudicate the appeal after considering the “remand report” that was called for during the original appellate proceedings from the ITO, Ward-1, Kakinada, and also decide upon the assessee’s request for admission of “additional evidence” The **Ground of appeal No.1** is allowed in terms of our aforesaid observations.

15. As we have set aside the matter for fresh adjudication to the file of the CIT(A), therefore, we refrain from dealing with the other contentions based on which the impugned addition of Rs. 20.28 lakhs has been assailed by the assessee before us, which, thus, is left open.

16. Before parting, we may herein observe that the CIT(A), while disposing of the appeal, shall afford a reasonable opportunity of being heard to the assessee.

17. In the result, the appeal filed by the assessee is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the open court on 05<sup>th</sup> December, 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 05<sup>th</sup> December, 2025  
**\*\*OKK / SPS**

Copy to:

S.No	Addresses
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2	Income Tax Officer, Ward-2, 3 <sup>rd</sup> Floor, Deepthi Towers, Main Road, Kakinada, Andhra Pradesh-533001.
3	The Pr. Commissioner of Income Tax, Visakhapatnam.
4	The DR, ITAT, Visakhapatnam Bench
5	Guard File

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