

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH : BANGALORE**

**BEFORE SHRI. LAXMI PRASAD SAHU, ACCOUNTANT MEMBER
AND SHRI. SOUNDARARAJAN K, JUDICIAL MEMBER**

ITA No.1150/Bang/2025
Assessment Year : 2015-16

Shri. Nagaraj Yasodha, C/o Siddaiah LIC Kalanakoppalu, Arasikere, Hassan – 573 103. PAN : AGWPY 2047 H	Vs.	Pr. CIT, Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Shri. Mukesh Kumar Jain, CA
Revenue by	:	Shri. Subramanian, JCIT(DR)(ITAT), Bangalore.

Date of hearing	:	06.11.2025
Date of Pronouncement	:	19.12.2025

ORDER

Per Laxmi Prasad Sahu, Accountant Member :

This is an appeal filed by the assessee against the Order passed by the learned Pr. CIT, vide DIN :ITBA/REV5/2024-25/1074989788(1) dated 25.03.2025.

2. Briefly stated facts of the case are that based on the information flagged in accordance with risk management strategy available on Insight Portal that the assessee had made cash deposits in savings bank account to the tune of Rs.75.10 lakhs but no return of income was filed. Accordingly, notice under section 148 of the Act was issued to the assessee. In response to notice issued under section 148 of the Act assessee filed return of income on 29.04.2022 declaring income of Rs.1,10,690/-. Subsequently various notices and letters were issued to the assessee and assessee furnished part reply on different dates.

From the details furnished it was observed that assessee has provided details of nature of activities, details of bank accounts, details of property sold, bank statements, deposits / credit details, copy of ITR, statement of accounts, Form 26AS, sale deed, affidavit justifying cash deposit, documents relating to agricultural produce, expenses incurred on fertilizers, evidence of ownership of agricultural land, copy of the mutation register, distance certificate, population certificate, release deed, distance certificate copy issued by Tahsildar as per the documents the property sold does not come within the purview of the definition of capital asset. After considering the submission of the assessee, AO accepted the return of income and completed assessment on 25.03.2025. Later on the learned Pr.CIT called for record and observed that AO has not properly enquired about the source of cash deposits into the bank account of the assessee and merely accepted affidavit filed by the assessee. Therefore Order passed by the AO is erroneous and prejudicial to the interest of Revenue and set aside the Assessment Order passed under section 147 r.w.s. 144B of the Act.

3. Aggrieved from the above Order, assessee is in appeal before the Tribunal. The learned Counsel reiterated the submissions made before the lower authorities and submitted that before the AO during the course of assessment proceedings entire documents were produced as called for and affidavit was also submitted. AO after examining the entire records accepted return filed by the assessee and cash deposit was made out of the sale proceeds of agricultural land and out of past savings. Therefore the source of cash deposit was explained and AO accepted the view. If AO has admitted assessee's view therefore the view accepted by the AO cannot be revised by the learned Pr.CIT and filed Paper Book containing Page Nos.1 to 193.

4. On the other hand, the learned DR relied on the Order of learned Pr.CIT and submitted that on 23.09.2014 huge cash deposit of Rs.27,50,000/-. However the property was sold at Rs.21,60,000/- and assessee received Rs.10 lakhs as advance. Assessee's share is only Rs.18 lakhs and rest amount of share is of co-owner of the property. Learned Pr.CIT has examined the issue in detail as per table given in his Order and the assessee has failed to produce any documentary evidence except affidavit in support of the claim that sale proceeds to the tune of Rs.38,40,000/- was received in cash. However, the sale consideration is only Rs.21,60,000/- which is less than the cash deposited. The property was sold on 08.01.2015 but prior to that there was huge cash deposit which remained unexplained and AO has merely accepted the affidavit without any supporting documents to prove the source of cash deposits. Therefore the Order passed by the AO is erroneous and prejudicial to the interest of Revenue and requested that Order of the Pr. CIT should not be disturbed.

5. Considering the rival submissions and perusing the entire materials available on record and Orders of authorities below, here in the case on hand the learned Pr.CIT called for record and found that AO has not done enquiry properly regarding source of cash deposits. As observed by the AO that the source of cash deposit is out of sale proceeds of the agricultural land and sale deed was executed on 08.01.2015, from the table prepared by the learned Pr.CIT we noted that cash deposit was on 23.09.2014 of Rs.27,50,000/- and between 15.10.2014 and 06.10.2015 the aggregate of cash deposit and withdrawal was Rs.37,45,000/-. On 10.01.2015 cash deposit was Rs.40 lakhs. On going through the sale deed dated 08.01.2015 it is noticed that property was sold for Rs.21,60,000/- and assessee's share is only Rs.18 lakhs but for other cash received as claimed by the assessee only on the basis of affidavit without supporting documents filed by the assessee and accordingly he has

not examined to the extent of the examination of source of cash deposits and no further questions were asked and merely accepted the documents filed by the assessee. Here the cash on hand the cash deposits are more than the sales consideration of the land and assessee's share is only Rs. 18,00,000/- He could have asked for source of rest amount of cash deposits Accordingly Order passed by the AO is erroneous and prejudicial to the interest of Revenue. We uphold the Order of the learned Pr.CIT passed under section 263 of the Act.

6. In the result, appeal filed by the assessee is dismissed.

Pronounced in the open court on the date mentioned on the caption page.

Sd/-

(SOUNDARARAJAN K)
Judicial Member

Sd/-

(LAXMI PRASAD SAHU)
Accountant Member

Bangalore.

Dated: 19.12.2025.

/NS/*

Copy to:

1. Appellants
2. Respondent
3. DRP
4. CIT
5. CIT(A)
6. DR,ITAT, Bangalore.
7. Guard file

By order

Assistant Registrar,
ITAT, Bangalore.