

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI
श्री एस.एस. विश्वनेत्र रवि, न्यायिक सदस्य एवं सुश्री एस.पद्मावती,, लेखा सदस्य के समक्ष
Before Shri S.S. Viswanethra Ravi, Judicial Member &
Ms. S. Padmavathy, Accountant Member

आयकर अपील सं./I.T.A. No.3240/Chny/2025
निर्धारण वर्ष/Assessment Year: 2017-18

&

S.A. No. 120Chny/2025 [In ITA No. 3240/Chny/2025]

Kumarasamy Ramalingam,
133, Mullai Nagar, Old Bus Stand
Road, Perundurai, Erode 638 052.

Vs. The Income Tax Officer,
Ward 2(1),
Erode.

[PAN: AJNPR1672H]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri S. Bhupendran, Advocate
प्रत्यर्थी की ओर से/Respondent by : Ms. Babitha, JCIT
सुनवाई की तारीख/ Date of hearing : 11.12.2025
घोषणा की तारीख /Date of Pronouncement : 17.12.2025

आदेश /O R D E R

PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:

This appeal filed by the assessee is directed against the order dated 15.09.2025 passed by the Id. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi for the assessment year 2017-18.

2. The assessee raised 5 grounds of appeal, amongst which, the only issue emanates for our consideration as to whether the Id. CIT(A) is

justified in confirming the addition made by the Assessing Officer on account of unexplained cash deposits in the facts and circumstances of the case.

3. It is noted that the facts of the case are that the assessee is an individual, employed in Joint Directorate of Animal Husbandry. The assessee filed the return of income declaring a total income of ₹.11,44,300/-. Under Limited Scrutiny, the Assessing Officer issued notice under sections 143(2) and 142(1) of the Income Tax Act, 1961 ["Act" in short], in response to which, the assessee uploaded copies of statement of total income, bank statement, explanation letter regarding source of cash deposits during demonetization period and other details as sought for. The Assessing Officer held the explanation offered regarding the cash deposits is not acceptable by holding that the same is an arrangement, afterthought and cooked-up one in order to project the source for cash deposits as if it is cash advances made and received bank. Accordingly, the entire cash deposit of ₹.30,66,000/- is added to the total income of the assessee and assessed the income of the assessee at ₹.42,10,300/- vide his order dated 04.12.2019 under section 143(3) of the Act. The Id. CIT(A) held that the Assessing Officer has correctly appreciated the facts, considered the submissions and made the addition strictly in accordance

with law and further the explanation of the assessee lacks evidentiary support and cannot be accepted, accordingly, confirmed the addition made by the Assessing Officer. Having aggrieved by the order of the Id. CIT(A), the assessee is in appeal before us by raising the above grounds.

4. The Id. AR Shri S. Bhupendran, Advocate submits that the action of both the authorities below is unjustified, only out of place and without applying mind to the factual position including apparent evidences filed during the course of assessment and first appellate proceedings. He submits that in respect of cash withdrawals made from the bank, both the authorities below erred in failing to consider the saving bank account, which clearly shows credit of ₹.16.23 lakhs on 08.09.2015 and drew our attention to page 21 to 30 of paper book No. 1. He argued that the said credit was from Provident Fund from bulk posting – DTO Krishnagiri and the same was immediately withdrawn at three equal instalments, each at ₹.5 lakhs on 09.09.2015. Further he submits regarding other lumpsum withdrawals on 25.01.2016, 20.02.2016 and 12.09.2016 of ₹.2 lakhs each, ₹.1.60 lakhs and ₹.1 lakh respectively as source for cash deposits during demonetization period. He also submits that the assessee filed copies of Provident Fund statement in support of credit of ₹.16.23 lakhs and without considering the same, the Id. CIT(A) erred in emphasizing the

time gap between cash withdrawals and deposits. Further, he argued that when the assessee shows the cash withdrawals from bank account from sources for the deposits made subsequently, then the burden shifts on the Respondent-Revenue to show otherwise than the sum so withdrawn was utilised somewhere else. He drew our attention to the assessment order and argued that the Assessing Officer could not point out that the amount so withdrawn was spent by the assessee or invested or utilized somewhere and argued the explanation so offered cannot be disregarded to make the addition, simply without discharging the burden of proof cast upon the Respondent-Revenue. He placed reliance on the order of the Bangalore Tribunal in the case of Col. Ranjan Sharma v. ITO in ITA No. 101/Bang/2022 for AY 2017-18 vide order dated 01.06.2022 and referred to para 4 of the said order. Further, he drew our attention to the order of the Chennai Tribunal in the case of Arul Rajan in ITA No. 2845/Chny/2024 for AY 2021-22 and referred to para 17 of the said order. Further, he drew our attention to the order dated 20.08.2025 passed in the case of Kalai Vani Rajan v. ITO in ITA No. 774/Chny/2025 for Y 2012-13 and referred to para 7 of the said order. He argued that the action of the Assessing Officer, requiring the assessee to prove beyond the legal mandate by not considering the confirmation given by several persons, is unjustified. Further, he argued that the Id. CIT(A) in endorsing the action

of the Assessing Officer is not justified in terms of the evidences filed during first appellate proceedings. He prayed to delete the addition and allow the grounds raised by the assessee.

5. The Id. DR Ms. Babitha, JCIT submits that the contention of deposit of cash of earlier savings and retirement benefits held for contingent purpose to meet children marriage expenses is not justified. Further, she submits that the assessee's claim is an afterthought and it is an arrangement and cooked-up one. She argued that in this new technological age, anyone can withdraw and make payment to any person at any time from anywhere using digital device like ATM/debit card, credit card, online transfer and other mediums. She submits that the Id. AR's argument that such a huge cash was accumulated for emergency purpose is a flimsy ground and an afterthought, which cannot be accepted. The Id. DR relied on the order of the Id. CIT(A).

6. Heard both the parties and perused the material available on record. From the information on record, the Assessing Officer noted that the assessee made cash deposits into his bank accounts during demonetization period to an extent ₹.30,66,000/-. The Assessing Officer requested the assessee to furnish the source for the cash deposits and the assessee also furnished source, which is tabulated at page 3 of the

assessment order. For the cash deposits to an extent of ₹.18,91,000/-, the assessee explained that the said deposits made out of earlier savings and retirement benefits which has been held for contingent purpose to meet his children's marriage expenditure and further, the assessee also furnished the details towards loans advanced to various persons. In order to verify the creditors, the Assessing Officer issued notices under section 133(6) of the Act to those loan creditors and the confirmation reply furnished by the creditors are extracted in para 6 of the assessment order. After examining the confirmations of the loan creditors, the Assessing Officer observed that either they have not filed the return of income for the AY 2017-18 or earlier years or filed return of income for AY 2017-18 with a meagre income. We note that the assessee has nothing to do with the loan creditors who have either filed return of income of relevant AY and earlier year or filed the ROI with meagre income. As per para 7.2, the Assessing Officer observed that none of the creditors have been able to file their bank account in order to show any large cash withdrawal at the time of said repayment as we note from the details tabulated in the assessment order at page 3 that the loan creditor Shri Arun Chandrasekaran has received loan only of ₹.1,75,000/- and others received ₹.2 lakhs each and it is an undisputed fact that all the creditors have confirmed of availing loan from the assessee. We further note from

para 7.3 that when the Assessing Officer noted that the assessee has given/received just ₹.2 lakhs or below only, the Assessing Officer expecting bank account of the creditors to show large cash withdrawal, is unwarranted.

7. We find from the SBI Bank statement from 01.04.2015 to 31.03.2016 from pages 21 to 26 of the paper book, wherein, it is noted that there is credit of ₹.16.23 lakhs on 08.09.2015 vide bulk posting – DTO Krishnagiri and the same was immediately withdrawn at three equal instalments, each at ₹.5 lakhs on 09.09.2015. Further, the debit information of the assessee in the website of Office of the Accountant General (A & E), Tamil Nadu at page 31 of the paper book, which clearly shows the debit of part final withdrawal of ₹.16,23,000/- on 01.09.2015, which supports the contention of the assessee in explaining the source of deposits as well as withdrawals consequently thereto. The assessee made lumpsum withdrawals on 25.01.2016, 20.02.2016 and 12.09.2016 of ₹.2 lakhs, ₹.1.60 lakhs and ₹.1 lakh respectively at page 25 & 28 of the paper book. The assessee also furnished an abstract for the small amount of withdrawals of ₹.5,10,000/- with reference to its corresponding sources in table 2, reproduced at pages 12 to 14 of the impugned order besides withdrawals furnished in table 2, reproduced at pages 10 & 11 of

the impugned order as well as details of gross income, deduction, tax liability paid and dispersible income, furnished in the form of table 1 and reproduced the same at page 9 & 10 of the impugned order, showing that the accumulated savings from returned income and retirement benefits were the source for the cash deposits. It is clear from the perusal of the bank statement of the assessee that the cash withdrawals on various occasions from his bank account explains the source of cash deposited during demonetization period, thereby proved the burden cast upon the assessee along with confirmations from the loan creditors.

8. In the order of the Bangalore Tribunal in the case of Col. Ranjan Sharma v. ITO (supra) observed that it is quite possible being retired person to keep the money in cash in order to meet the medical emergencies and deleted the addition as confirmed by the Id. CIT(A) therein by holding that the explanation offered by the assessee therein is quite plausible and further there was no material to show that the cash withdrawn therein had been spent away. Further in the case of Kalai Vani Rajan v. ITO (supra), wherein, it was observed when there is no dispute on matured bank deposits and the withdrawal of said deposit shows the nexus between withdrawal and deposit, having no contrary evidence to prove the cash in hand is not out of marriage gifts and salary. In the

present case, we find no dispute with regard to credit in the bank account of the assessee from the Provident Fund vide bulk posting – DTO Krishnagiri as it is supported from debit information from the website of Office of the Accountant General (A&E) at page 31 of the paper book, further, which is credited into the account of the assessee on 08.09.2015 and subsequently withdrawn the same on 09.09.2015. Therefore, we find nexus between the withdrawals and deposits supported by documentary evidence at pages 31 & 22 of the paper book. Further, we find force in the arguments of the Id. AR keeping cash in hand in view of the assessee being a retired person, aged, requiring for medical emergencies and children marriages, we hold that the findings of the Id. CIT(A) is not justified in not accepting the above said evidences in explaining the cash deposits during the demonetisation period only for the reason that there was time gap between cash withdrawals and deposits. Further, we find no evidence brought on record by the Assessing Officer showing that the cash deposits are not out of withdrawals of PPF/GPF benefits and we find no evidence on record showing that the amount withdrawn in 2015 are spent elsewhere. Therefore, in the absence of evidence, we find the addition as confirmed by the Id. CIT(A), is not maintainable and thus, the addition made by the Assessing Officer towards unexplained cash deposit is deleted. Thus, the grounds raised by the assessee are allowed.

S.A. No. 120/Chny/2025

9. The Stay Application filed by the assessee in S.A. No. 120/Chny/2025 is listed along with the main appeal. Since we have adjudicated the main appeal and allowed the appeal, the stay petition filed by the assessee become infructuous and accordingly, the same stands dismissed.

10. In the result, the appeal filed by the assessee is allowed and the Stay Application is dismissed.

Order pronounced on 17th December, 2025 at Chennai.

Sd/-
(S. PADMAVATHY)
ACCOUNTANT MEMBER

Sd/-
(S.S. VISWANETHRA RAVI)
JUDICIAL MEMBER

Chennai, Dated, 17.12.2025

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant,
2. प्रत्यर्थी/ Respondent,
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR &
5. गार्ड फाईल/GF.