



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।
IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"
RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

आयकर अपील सं. /ITA No. 554/RJT/2025
निर्धारण वर्ष /Assessment Year: (2017-18)

Murubhai Hardasbhai Vasara 17, Main Bazar, Village Rana Kandorna, Ranavav, Porbandar- 360 550	बनाम /Vs.	Income-tax Officer, Ward-2(4), Porbandar-360550
स्थायीलेखासं. /जीआइआरसं. /PAN/GIR No.: ADQPV 9119 C		
(Appellant)		(Respondent)

Appellant by : Shri Suresh Tejwani, Ld. AR
Respondent by : Shri Gopi Nath Chaubey Ld. Sr. DR

Date of Hearing : 24/12/2025
Date of Pronouncement : 31/12/2025

आदेश / ORDER

Per, Dr. Arjun Lal Saini, AM :

Captioned appeal filed by the assessee, pertaining to assessment year 2017-18, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals), dated 25/07/2025, which in turn arises out of an order passed by the Assessing Officer u/s 143(3) of the Act dated 17.12.2019.

2. The solitary grievance of the assessee in this appeal is that Learned CIT(A) erred in confirming the addition to the tune of Rs.32,50,000/- and Rs.3,63,910/- under sections 69A and 68 respectively, despite the fact that assessee has



submitted sufficient documentary evidences to prove the genuineness of the cash deposit in the bank account.

3. The facts of the case which can be stated quite shortly are as follows: The assessee before me is an individual and filed the return of income, on 08.12.2017 electronically, by declaring total income of Rs. 12,990/-, and assessee also declared agricultural income of Rs.9,19,439/-, in the return of income. The returned of income was processed u/s. 143(1) of the income tax Act, 1961. Later on, the assessee`s case was selected for Limited scrutiny through CASS with issue mentioned that "Cash Deposit during demonetization period (Large agricultural income shown in ITR and Large cash deposit during demonetization). Accordingly, notice u/s 143(2) of the Act, was issued on 09/08/2018 and duly served upon the assessee. The assessee has furnished before assessing officer the computation of income, capital Account, with return of income filed in ITR-2 and other documents and evidences as required by the assessing officer. A notice u/s 142(1) of the Act with questioners issued to the assessee on 04.01.2019. The assessee again has made online submission on 05.02.2019 and furnished details before assessing officer.

4. On perusal of the assessee's submission it was noticed by the assessing officer that the assessee has only interest and agricultural income and has made cash deposit of Rs. 34,00,000/- during demonetization period. The assessing officer observed that an amount was transferred by other persons (relatives) to the assessee and assessee shown in the Capital Account, as gift given to the assessee by other persons/ relative. Further, in online verification submitted by the assessee in which the source of cash deposit during demonetization mentioned as "Cash deposited out of cash on hand shown in the books of accounts". Thus, it is established that although the assessee has shown only interest and agricultural



income but the assessee maintain books of accounts since long period as the assessee has shown agricultural income of Rs. 9,19,439/-and made cash deposit of Rs. 34,00,000/- which is too much higher than the agricultural income shown by the assessee. On perusal of capital account of the assessee, it was observed by the assessing officer that the assessee has made gift to following persons after 29.11.2016 (cash deposit during demonetarization period in demonetarized currency):

S.N.	Name of the Person	Date	Amount(in Rs.)	Remarks
1	Laxman H. Vasara (Brother)	29.11.2016	10,00,000/-	Gift
2	Yuvraj	05.12.2016	5,62,409/-	LIC Premium
3	Viraj	05.12.2016	16,51,806/-	Llc Premium

Further, it was also observed by assessing officer that the assessee has shown cash balance as on 01.04.2016 at Rs. 51,50,328/-.

5. After considering the assessee's submission an another notice u/s 142(1) of the Act, was issued to the assessee on 19.07.2019 in which the assessee was requested to furnish pending details of 142(1) notice dated 04.01.2019 with cash flow statement of A.Y. 2015-16 to A.Y. 2017-18 to established earlier year's savings and details regarding gift given by the assessee including gift deed and such occasion on which gift given by the assessee. Meanwhile notice u/s 133(6) of the Act was issued to the bank for clarification of entries of dated 29.11.2016 and 16.03.2017 which was debited after demonetarization.

6. In response to the notice of the assessing officer, the assessee has made compliance on 16.11.2019 and stated that agricultural income and expenses



ledger's copies of bills was already submitted on 05.02.2019 and further furnish cash book from AY. 2015-16 to A.Y. 2016-17 and mentioned that they are an agriculturalist and not involved in any business activity and also furnished comparative chart of last three years agricultural income in which the assessee has shown agricultural income of Rs. 6,95,435/- in A.Y. 2015-16, Rs. 6,87,372/- in A.Y. 2016-17 and Rs. 9,19,439/- in A.Y. 2017-18. Further, on verification of cash book submitted by the assessee it was noticed by the assessing officer that the assessee has shown opening cash balance as on 01.04.2014 at Rs. 36,19,988/- and in cash book all entries of banks were also mixed such as interest received from the bank, gas subsidy, car loan interest etc. Further, the assessee stated that he had made gift of Rs. 10,00,000/- to his brother namely, Shri Lakhmanbhai Vasara and Rs. 22,14,215/- to his nephew Sh. Hiren L Vasara and as per his nephew's instruction deposit this amounts to his two son's insurance premium in LIC India. The assessee has enclosed copy of acknowledgment of ITR of Lakhmanbhai H Vasara (PAN: ADQPV9116P) and Hiren Lakhmann Vasara (PAN: AHPPV2909P) and copy of bank statement of Lakhmanbhai H Vasara in which the amount transferred from the assessee,s bank account (which was further invested in LIC by Lakhmanbhai H Vasara on 01.12.2016 of Rs. 10,15,000/-). The assessee mentioned in the reply that two gifts letters with confirmation were enclosed.

7. However, assessing officer, after considering the assessee's all above submissions, a show cause notice was issued to the assessee on 28.11.2016, in which the assessee was requested to make compliance on 03.12.2019.

8. In response to the above notice of the assessing officer, the assessee has furnished online reply before assessing officer, on 15.12.2019 and stated in Remarks that *"with reference to your notice dated 07.12.2019 we hereby would*



like to submit the following submission along with the annexure. Kindly consider the same and do needful". Thus, the assessee has submitted all the required details and documents before the assessing officer.

9. However, assessing officer rejected the above contention and reply of the assessee, and observed that the assessee has not furnished any details regarding the agricultural expenses incurred by the assessee for receiving agricultural income. However, assessing officer treated Rs. 1,50,000/- as the assessee's own saving in demonetization currency, which was deposited by the assessee on 29.11.2016 and remaining amount Rs. 32,50,000/- (Rs.34,00,000 -Rs.1,50,000) was added in the hands of the assessee under section 69A of the Act. The assessing officer also made addition on account of loans and deposits to the tune of Rs.3,63,910/-, in the hands of the assessee.

10. Aggrieved by the order of Assessing Officer, the assessee carried the matter in appeal before Ld. CIT(A) who has confirmed the action of the Assessing Officer. During the appellate Proceedings, the assessee filed written submission before Ld.CIT(A), through ITBA module. After perusal of the same, it was concluded by Ld.CIT(A) that the assessee failed to explain the source of the cash deposits and that the cash deposited during the demonetization period was normal business receipts. Further, the assessee also failed to substantiate the agricultural expenses claimed by him by giving corroborative documentary evidences regarding the same. The onus lies on the assessee to support any claim by bringing in cogent documentary evidence. Therefore, additions of Rs. 32,50,000/- and 3,63,910/-, totaling to Rs.36,13,910/- was sustained by Ld.CIT(A).

11. Aggrieved by the order of Ld.CIT(A) assessee is in appeal before the Tribunal.



12. Learned Counsel for the assessee, vehemently argued that during appellate proceedings as well as assessment proceedings, assessee submitted cash flow statement, proof relating to ownership of agricultural land, evidences relating to past savings, and evidences and documents relating to loan received from friends and relatives and gift received from relatives. The Ld. Counsel also submitted two years' return of income of agricultural income. The ld.Counsel also submitted bills and vouchers of agricultural expenses incurred and sale of agricultural production. The assessee also submitted the statement of past savings that assessee is an agriculturist and having 285 bighas of agricultural land and most of the agricultural produce are sold in cash and which were deposited in his bank account. Therefore, assessee explained the source of income which were deposited in his bank account. Therefore, ld.Counsel contended that no addition should be made in the hands of assessee.

13. On the other hand, the Ld. DR for the Revenue has primarily reiterated the stand taken by the Assessing Officer, which we have already noted in our earlier para and is not being repeated for the sake of brevity.

14. I have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the ld CIT(A) and other materials brought on record. I note that assessee has submitted the relevant land holding evidence and documents, such as, Form-7/12 and Form-12A wherein I noted that assessee, is holding substantial land and the land is fertile land. Therefore, I find that assessee is engaged in the agricultural activities and producing groundnut, cotton, eranda etc. The assessee has also submitted expenses of agricultural activities and has also submitted the income earned from such agricultural activities. The chart showing income earned during previous



years and current year, by the assessee is submitted before the Bench. In the income tax return filed by the assessee, the assessee has shown substantial agricultural income, therefore, it has been demonstrated by the assessee, that assessee is an agriculturalist, and doing agricultural activities since a long. The assessee has also submitted the bills for sale of agricultural produce which are placed in the paper book. Therefore, assessee has substantiated his cash deposit in the bank account by filing cogent evidence. The agricultural production and the fact that assessee is an agriculturalist and big farmer has not been disputed by the assessing officer.

15. I find that assessee is an agriculturist and the cash withdrawals from the bank account and the receipts from agriculture income by sale of crops has been shown by the assessee in two previous years for which the bills are also produced and details are given below:

Table for A.Y. 2017-18

Sr No.	Type of Cultivation	Mann	Amount
1.	Shing	38.15	23,816.75/-
2.	Shing	69.60	43,500/-
3.	Kapas	238	2,47,520/-
4.	Kapas	187	1,94,480/-
5.	Kapas	225.75	2,48,551/-
6.	Shankar Kapas	302	3,63,910/-
7.			11,21,777.75/-

Table for A.Y. 2016-17

Sr No.	Type of Cultivation	Mann	Amount
1.	Kapas	492	3,69,675/-



2.	Magfali	-	1,63,131/-
3.	Kapas	303	2,81,790/-
4.	Kapas	393	3,66,188/-
			11,80,784/-

From the above sheet it is clearly evident that cash which is generated in two years, of Rs. 23.00 Lacs is available with the assessee, and Rs. 7.00 Lacs has been withdrawn by the assessee from the bank. Apart from this, the assessee had passed savings, loan received from friends and gift received from the family members. The assessee has cultivated Groundnuts, wheat, cotton seeds, castor seeds and Jovar which can be verified from the copy of 7-12 & 8A of land holding documents. It is to be noted that this is a minimum rate taken based on the cultivation done as reported in 7-12 & 8A and taking the minimum rate of the agricultural produced which is not in a dispute and therefore about to Rs. 41 lacs has been generated in two years from the land of the assessee, himself. To prove this, the assessee submitted Bank statement, before the Bench. I also note that assessing officer has not refuted or discredited these evidences and documents. The assessing officer does not mention why he is not accepting these evidences. On the contrary, the assessing officer has just brushed aside these evidences without even a word on why they are not acceptable. It is a well settled Law that when an assessee has all the possible evidence in support of its claim, they cannot be brushed aside based on surmises.

16. I also note that the entire cash deposited with the bank can never be treated as income and only profit element may be taxed in the hands of the assessee. Therefore, considering the nature of agricultural activities, I proceed to work out the estimation of profit keeping in mind the following facts:



- (i) The estimate is not opened up to be framed in an arbitrary manner.
- (ii) The estimate by rule of thumb is absolutely infirm.
- (iii) The estimation of rate of profit return must necessarily vary with the nature of the business.
- (iv) There cannot be any uniform yardstick.
- (vi) An assessment to be best of judgement can only be based on the material available on record and past records and considering the totality of the facts.
- (v) Only real income and neither notional income nor astronomical income, can be taxed under the Income Tax Act, 1961.

Accordingly, I hereby estimate the net profit 10% of Rs.36,13,910/-, which comes to Rs.3,61,391/-. Therefore, assessing officer is directed to make the addition in the hands of the assessee to the tune of Rs.3,61,391/-.

17. Before parting, I make it clear that assessee had deposited the money in the bank account, during demonetisation period, out of his agricultural activities, therefore, it should not be taxable under section 115BBE of the Act, therefore, I direct the assessing officer to tax of Rs. 3,61,391/-, by applying the normal rate of income tax.

18. In the result, the appeal of the assessee is partly allowed in above terms.

Order pronounced in the open court on 31/12/2025.

Sd/-
(Dr. Arjun Lal Saini)
लेखा सदस्य/Accountant Member

राजकोट /Rajkot

दिनांक/ Date: 31/12/2025

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



- अपीलार्थी/ The Appellant
- प्रत्यर्थी/ The Respondent
- आयकर आयुक्त/ CIT
- आयकर आयुक्त(अपील)/ The CIT(A)
- विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, राजकोट/ DR, ITAT, RAJKOT
- गार्ड फाईल/ Guard File

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By order/आदेश से,

सहायक पंजीकार
आयकर अपीलीय अधिकरण ,राजकोट