

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'SMC' BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT  
AND  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

<b>ITA No. 2059/Bang/2025</b>
<b>Assessment Year : 2017-18</b>

H Kesarimal, No. 55/1, Viviyani Road, Richards Town, Frazer Town, Bengaluru – 560 005. <b>PAN: AACHH4240R</b>	<b>Vs.</b>	The Income Tax Officer, Ward – 1(2)(1), Bengaluru.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Smt. Pratibha R, Advocate
Revenue by	:	Shri Ganesh R Ghale, Advocate, Standing Counsel for Revenue

Date of Hearing	:	25-11-2025
Date of Pronouncement	:	05-01-2026

**ORDER**

**PER SOUNDARARAJAN K., JUDICIAL MEMBER**

This is an appeal filed by the assessee challenging the order of the Ld.Addl./JCIT(A)-2, Chennai dated 16/07/2025 in respect of the A.Y. 2017-18 and raised the following grounds:

*“1. The order of the Learned Commissioner of Income Tax (Appeals) [CIT(A)] dated 16.07.2025 is opposed to law, facts, equity and principles of natural justice as it was passed without considering the written submissions filed by the Appellant on 15.10.2024, thereby rendering the order defective and liable to be set aside.*

*2. The learned CIT(A) has erred, both in law and on facts, in upholding the addition of Rs.11,85,000/- under section 69A of the Income-tax Act, 1961, as unexplained money,*

*despite cogent evidence and detailed explanation regarding the source of such cash deposit were furnished.*

*3. The authorities below failed to appreciate that the explanation tendered for the cash deposit—namely, accumulation of rental receipts on account of RBI restrictions placed on Amanath Co-operative Bank—was duly corroborated by documentary and circumstantial evidence, and no material evidence to the contrary was brought on record.*

*4. The learned CIT(A) has failed to consider that the onus shifted to the revenue once a reasonable and documentary explanation regarding the source of cash was offered; no independent evidence was produced by the Department to rebut the same.*

*5. The lower authorities did not adhere to principles of natural justice by characterising the reply as "vague," without a further effective opportunity to explain or supplement the evidence, despite the appellant's full cooperation throughout, thereby vitiating the assessment and the appellate order.*

*6. The approach of substituting suspicion for evidence, solely due to lack of contemporaneous cash book or rent receipts, is contrary to law, especially when rental income is consistently disclosed and offered for taxation in the IT returns and accepted in prior years, was the only possible source and is corroborated by past assessment records. The lower authorities failed to review the Appellant's past income tax returns and cash flow statement furnished by Appellant.*

*7. The lower authorities have erred in disregarding the impact of extraordinary and widely reported events (viz., RBI suspension of the Amanath co-operative bank), which rendered normal banking operations impossible, and unjustly penalised the appellant for circumstances beyond its control.*

*8. The lower authorities failed to understand the fact the affairs of the HUF was managed by Karta who was aged about 80 years and was not in a position to open a new bank account due to his age related illness after the RBI placed restrictions in Amanath Cooperative Bank. The Appellant was forced to open a new bank account at Kotak Mahindra Bank during the demonetisation period to deposit the demonetised cash into bank account.*

*9. The Appellant craves leave to add, alter, amend, or delete any of the above grounds or urge additional grounds at the time of hearing.*

*PRAYER*

*The Appellant respectfully prays the Hon'ble Tribunal that the impugned addition of Rs. 11,85,000/- under section 69A be deleted in full and consequential tax, interest, and penalties and grant such other relief as the Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the case.”*

**2.** The brief facts of the case are that the assessee is an individual and filed his return of income on 23/03/2018. The assessee had declared the rental income in the return of income. The case of the assessee was selected for limited scrutiny for verifying the cash deposits made during the demonetisation period. Notice u/s. 143(2) was issued and subsequently notices u/s. 142(1) were issued on 10/10/2019 and 19/10/2019. The assessee filed his reply and stated that the account maintained with Amanath Co-operative Bank Ltd. could not be operated since the said bank was barred by the Reserve Bank of India and therefore the rental and interest income received by the assessee were kept with him and thereafter an another account was opened in the Kotak Mahindra Bank and the cash available with the assessee was deposited into the said bank account. The AO had not accepted the said explanations and treated the said deposits as unexplained money u/s. 69A of the Act. As against the said order, the assessee filed an appeal before the Ld.CIT(A) and in the statement of facts, the assessee had submitted that he had uploaded the details called for by the AO on 25/10/2019, uploading the cash flow statement, bank statement and reply to the notice but the AO had not looked into the said documents filed and therefore the order of the AO is not correct. The Ld.CIT(A) had not accepted the case of the assessee and confirmed the addition made by the AO.

**3.** The assessee challenged the said order before this Tribunal.

**4.** At the time of hearing, the Ld.AR submitted that the assessee is receiving rental income by cash and he could not deposit it into his bank account held with Amanath Co-operative Bank Ltd. since the Reserve Bank of India had barred the said bank from operating. The Ld.AR further submitted that along with the rental income, the assessee had also received the interest income and he was of the belief that the said bank would start their operations and the cash available with him could have been deposited in his account but unfortunately, nothing has happened and therefore the assessee had opened a new account with the Kotak Mahindra Bank and the cash available with the assessee was deposited into the said bank account and therefore the assessee had source for the deposit of the said cash into the bank account. The Ld.AR further submitted that the necessary records were produced before the AO but the AO had not considered the said documents and the Ld.CIT(A) also not considered the said documents and therefore prayed that the matter may be remitted to the lower authorities for deciding the issue afresh based on the materials available. The Ld.AR also filed a paper book enclosing the acknowledgment for filing the written submissions before the Ld.CIT(A) and the copies of the return of income and the financial statements as well as the cash flow statement for the period 01/04/2016 to 31/03/2017 and copies of capital account and balance sheets for the years ended 31/03/2014 to 31/03/2018.

**5.** The Ld.DR submitted that the assessee had not furnished any documents in support of their case. Therefore the AO had rightly made the assessment u/s. 69A of the Act.

**6.** We have heard the arguments of both sides and perused the materials available on record.

**7.** We have considered the fact that the assessee is regularly receiving rents from the house property which were deposited into his bank account. This practice has been adopted in the earlier years also and the assessments has been completed by accepting the said return of incomes for the earlier

years. In the present assessment year 2017-18, the assessee had explained the fact that the operations of the Amanath Co-operative Bank Ltd. was prohibited by the Reserve Bank of India and therefore the rental income received by cash could not be deposited into the bank account but the said amount was kept in cash and later on it was deposited in the newly opened account with the Kotak Mahindra Bank. We have also perused the financial statements filed for the earlier years and also the cash flow statement filed for the current assessment year. Even though the assessee had stated that he has filed the cash flow statement as well as the bank statements on 25/10/2019 before the AO, the assessee had not produced any acknowledgements to show that the said documents were filed before the AO. In the paper book now filed before us, the assessee had, in the index page had mentioned that the copy of the cash flow statement for the period 01/04/2016 to 31/03/2017 and the copies of the capital account and balance sheets for the years ended 31/03/2014 to 31/03/2018 were not filed before any of the authorities. We have also considered the said details now filed before us in support of the assessee's claim that the assessee had enough source for depositing the cash into his bank account.

**8.** We found that the plea of the assessee could not be rejected when the assessee had produced the various records before us in support of his claim that he is having enough source for depositing the cash into his bank account. We have also considered the reason given by the assessee that in view of the ban on the operation of the banking activities by the Reserve Bank of India, the assessee could not deposit the rental income received into his bank account, which could not be doubted when the fact remains the same. The AO had also not disbelieved the said statement but only observed that the assessee had not furnished enough documents to show the source for the said cash deposits. On going through the various documents filed by the assessee, we deem it fit to remit this matter to the file of the AO for denovo consideration. At the time of denovo consideration, the assessee will submit the relevant documents and establish the fact that the assessee had source for the said cash deposits. We are remitting this

issue to the AO since the AO had no occasion to consider the documents filed before us. We, therefore set aside the order of the authorities below and remit the issue to the file of the AO for making a fresh assessment in accordance with law after hearing the assessee as well as after receiving the relevant documents from the assessee.

**9.** In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 05<sup>th</sup> January, 2026.

Sd/-  
(PRASHANT MAHARISHI)  
Vice – President

Sd/-  
(SUNDARARAJAN K.)  
Judicial Member

Bangalore,  
Dated, the 05<sup>th</sup> January, 2026.  
/MS /

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|---------------|------------------------|
| 1. Appellant  | 2. Respondent          |
| 3. CIT        | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A)              |

By order

Assistant Registrar,  
ITAT, Bangalore