

IN THE INCOME TAX APPELLATE TRIBUNAL
“PATNA BENCH, PATNA
VIRTUAL HEARING AT KOLKATA

Before Shri Sonjoy Sarma, Judicial Member and Shri Rakesh Mishra, Accountant Member

I.T.A. No.339/Pat/2025
Assessment Year: 2017-18

Bhola Prasad.....Appellant

Manpur Ptwatoli Durga Asthan,
Gaya, Bihar-823001..
[PAN: AUZPP5136D]

vs.

ITO, Gaya..... Respondent

Appearances by:

Shri Jitendra Kr. Sinha, Adv., appeared on behalf of the appellant.
Md. A H Chowdhury appeared on behalf of the Respondent.

Date of concluding the hearing : January 05, 2026

Date of pronouncing the order : January 09, 2026

आदेश / ORDER

Per Sonjoy Sarma, Judicial Member:

The present appeal filed by the assessee is directed against the order dated 23.05.2025 passed by the NFAC, Delhi u/s 250 of the Income Tax Act, 1961 (the ‘Act’) for the assessment year 2017-18.

2. Brief facts of the case are that the assessee is engaged in the business of manufacturing and trading of textile. For the Assessment Year 2017–18, the assessee filed his return of income declaring total income of ₹3,10,520. The case was selected for scrutiny under CASS on account of high-value cash deposits during the demonetisation period, as reported through third-party information. Notices under section 143(2) followed by notices under section 142(1) of the Income-tax Act, 1961 were issued. During the course of assessment proceedings, it was noticed that cash deposits aggregating to ₹97,64,000, predominantly in

specified denomination notes, were made in the assessee's bank account with Bank of India, Gaya Branch, between 09.11.2016 and 30.12.2016. The Assessing Officer required the assessee to furnish cash book, details of cash deposits, sales and purchase records and explanation regarding source of cash. However, the assessee failed to comply with the notices issued under section 142(1). Subsequently, statement under section 131 was recorded, wherein the assessee denied having carried out any business activity during the relevant demonetisation period and also denied knowledge of cash deposits aggregating to about ₹1.89 crore during FY 2016-17. With respect to the bank account held in the name of "Bhola Textiles", the assessee submitted that the said account and transactions therein were handled and operated by his grand-uncle, Shri Motilal, who was residing nearby and was presently in judicial custody. The assessee further claimed that he was a 100% visually impaired (blind) person, and the entire banking operations were conducted by Shri Motilal. A certificate evidencing 100% blindness was placed on record. Despite these submissions, the Assessing Officer observed that the bank account stood in the name of the assessee. No documentary evidence was furnished to establish a business relationship with Shri Motilal. Accordingly, the Assessing Officer made an addition of ₹97,64,000 under section 69 of the Act as unexplained cash deposits during demonetisation. Further estimated income under section 44AD @ 8% on remaining cash deposits of ₹1,42,96,452, resulting in an additional addition of ₹11,43,716.

3. Aggrieved by the order of the Id. CIT(A) assessee went in appeal before the Id. CIT(A) where the Ld. CIT(A) upheld the additions made by the Assessing Officer.

4. Dissatisfied with the order of the Id. CIT(A) assessee is in appeal before this tribunal. At the time of the hearing the Ld. AR submitted that the assessee is a 100% blind person, incapable of operating bank accounts independently and the bank account, though in the assessee's name, was entirely operated by Shri Motilal and Shri Motilal has categorically admitted ownership and execution of the impugned transactions in his confessional statement recorded during proceedings before the CBI, Patna. Moreover, the assessment proceedings in the case of Shri Motilal are still pending before the Assessing Officer. He further argued that once a third party has owned up the transactions, the same income cannot be taxed in the hands of the assessee, as this would result in double taxation of the same income.

5. On the other hand, the Ld. DR relied upon the orders of the lower authorities but fairly conceded that the assessee is stated to be 100% blind, and Shri Motilal has given a confessional statement accepting that the transactions were carried out by him and his assessment is pending before the Assessing Officer.

6. We have carefully considered the rival submissions and perused the material available on record. It is an undisputed fact that the assessee is a 100% visually impaired person and the bank account though standing in the name of the assessee, was claimed to be operated by Shri Motilal and Shri Motilal has admitted in a confessional statement that the impugned cash transactions were carried out by him. Moreover, the assessment proceedings in the case of Shri Motilal are still pending before the Assessing Officer. It is a settled principle of law that the same income cannot be taxed twice in the hands of two different persons. Once the ownership of the transaction is admitted by a third party, the Revenue is duty-bound to examine the correctness of

such admission and tax the income in the hands of the real owner. In the present case, the Assessing Officer has not examined the confessional statement of Shri Motilal and the factual aspect of actual control and operation of the bank account whether the impugned income has been or is proposed to be assessed in the hands of Shri Motilal. In the interest of justice, we deem it appropriate to set aside the impugned order and restore the matter to the file of the Assessing Officer with a directions that the Assessing Officer shall examine the confessional statement of Shri Motilal and other relevant evidences and shall verify whether the same income is assessed or proposed to be assessed in the hands of Shri Motilal or not, If it is found that the impugned cash deposits are assessed in the hands of Shri Motilal, then the corresponding additions shall be deleted in the hands of the present assessee, doing so the assessee shall be afforded adequate opportunity of being heard.

7. In the result, the appeal of the assessee is allowed for statistical purposes.

Kolkata, the 9th January, 2026.

Sd/-

[Rakesh Mishra]

लेखा सदस्य/Accountant Member

Sd/-

[Sonjoy Sarma]

न्यायिक सदस्य/Judicial Member

Dated: 09.01.2026.

RS

Copy of the order forwarded to:

1. Appellant -
2. Respondent -
3. CIT (A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches