

**IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT BENCH, SURAT**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
MS. SUCHITRA KAMBLE, JUDICIAL MEMBER**

I.T.A. Nos. 994 to 996/SRT/2024
(Assessment Year: 2009-10, 2011-12 & 2013-14)

Rajrani Kishanlal Pahwa, 801, Siddhi Vinayak Apartment, Sarela Wadi, GHOD DOD ROADM, Surat - 395007 [PAN : AGEPP 2659 J]	Vs.	Income Tax Officer, Ward-1(2)(1), Surat
(Appellant)	..	(Respondent)
Appellant by :	Shri Suresh K. Kabra, CA	
Respondent by :	Shri Ajay Uke, Sr DR	
Date of Hearing	19.01.2026	
Date of Pronouncement	22.01.2026	

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

These three appeals have been filed by the assessee against the separate orders of the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ('Ld. CIT (A)' in short), all dated 25.07.2025, passed under Section 250 of the Income-tax Act, 1961 ('the Act' in short) for Assessment Years 2009-10, 2011-12 and 2013-14.

2. Since the issues involved in all the appeals are identical, they were heard together and are being disposed of by this common order for the sake of convenience. For adjudication, we take ITA No. 994/SRT/2024 for Assessment Year 2009-10 as the lead case.

ITA No.994/Ahd/2025 : AY 2009-10

3. The assessee has raised following grounds of appeal:

"1. The Ld. CIT(A) – NFAC has erred and was not just and proper on the facts of the case and in law in confirming the addition of Rs.4,59,682/- being the total amount of cash/cheque deposited in bank a/c instead of the embedded profit.

2. The Ld. CIT(A)-NFAC has erred and was not just and proper on the facts of the case and in law in confirming the addition of Rs.46,70,484/- and rejecting the explanation of source from IDS of the two sons of the appellant.”

4. The brief facts of the case are that the assessee is an individual, aged about 70 years, widow, engaged in business of textiles under the name and style of “K Sons”. She filed her original return of income for the Assessment Year 2009-10 on 24.09.2009 declaring a total income of Rs.3,16,660/-. Subsequently, based on information that the assessee was maintaining an undisclosed savings bank account with Sutex Co-operative Bank Ltd., the assessment was reopened u/s 147 of the Act and notice under section 148 was issued on 25.03.2015. In response, the assessee filed a revised return of income on 22.04.2015 declaring total income of Rs.3,58,951/-. During reassessment proceedings, the Assessing Officer noticed cash and cheque deposits aggregating to Rs.4,59,682/- in the undisclosed bank account, and Fixed Deposit Receipts (FDRs) amounting to Rs.43,40,000/- along with interest of Rs.3,30,484/-, aggregating to Rs.46,70,484/-, which were not disclosed in the return of income. The Assessing Officer also observed that a part of the FDRs had already been taxed in Assessment Year 2008-09 and accordingly no separate addition was made in respect thereof, except interest of Rs.13,794/-. The balance amount was treated as unexplained investment. The assessment was completed under section 143(3) read with section 147 of the Act on 21.03.2016, determining total income at Rs. 54,46,830/- after making the following additions:

- a) Unexplained bank deposits - Rs. 4,59,682/-
- b) Undisclosed FDRs and interest - Rs.46,70,484/-

5. On appeal, the Ld. CIT(A) restricted the addition relating to FDRs and interest to Rs.42,00,000/-, while confirming the addition of Rs.4,59,682/- on account of unexplained bank deposits.

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

7. With regard to undisclosed FDRs amounting to Rs.42,00,000/-, the Ld. AR submitted that the assessee is an elderly lady and the funds invested in FDRs did not belong to her but to her son, Shri Rajesh Kumar K. Pahwa. It was contended that the investments were made in the name of the assessee in order to avail a higher rate of interest offered to senior citizens. It was further submitted that Shri Rajesh Pahwa had disclosed an amount of Rs.98,50,506/- under the Income Declaration Scheme (IDS), 2016, and the amounts advanced to the assessee were out of such disclosed income. Therefore, once the income has already been subjected to tax in the hands of the son, no further addition can be made in the hands of the assessee.

8. The Ld. DR, on the other hand, relied upon the orders of the authorities below and submitted that no evidence was furnished during assessment proceedings to establish the nexus between the IDS declaration and the investments made in the assessee's name.

9. We have carefully considered the rival submissions and perused the material available on record. The issue before us relates to the addition of Rs.42,00,000/-, being the amount sustained by the Ld. CIT(A) on account of undisclosed FDRs and interest. The assessee has consistently contended that the source of investment in the said FDRs was loans received from her son, Shri Rajesh Kumar K. Pahwa. It is an undisputed fact that Shri Rajesh Kumar K. Pahwa has disclosed an amount of Rs.98,50,506/- under the Income Declaration Scheme, 2016 and the said income has been duly subjected to tax under the Scheme. The explanation of the assessee that the funds so disclosed were advanced to her as loans and were utilised for making the impugned FDRs has not been controverted by the Revenue with any cogent material. The identity of the lender and the source of funds having been established, the initial onus cast upon the assessee stands

duly discharged. Once the source of investment is established as income already offered to tax in the hands of the son under a statutory disclosure scheme, the same amount cannot be brought to tax again in the hands of the assessee. In view of the above facts and circumstances, we hold that the addition of Rs.42,00,000/- on account of FDRs and interest thereon is not sustainable in law. Accordingly, the said addition is directed to be deleted and the ground raised by the assessee in this regard is allowed.

We clarify that no addition is required to be made on account of FDRs stand in the name of the assessee as the son of the assessee Shri Rajesh Kumar K. Pahwa has already declared the said amounts in IDS. For the sake of ready reference, the declaration made by her son is reproduced below:-

STATEMENT OF UNDISCLOSED INCOME

Description of undisclosed income and income declared in the form of investment in assets (use separate sheet in case of multiple assets in the same category)

I. Total undisclosed income

S.No	Assessment year to which the undisclosed income pertains	Amount of undisclosed income (in Rs.)	Nature of undisclosed income
1.	2015-16	72,391/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
2.	2014-15	3,66,065/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
3.	2013-14	5,61,283/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
4.	2012-13	82,300/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
5.	2011-12	13,03,817/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
6.	2010-11	9,17,392/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
7.	2009-10	5,70,113/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
8.	2008-09	7,02,145/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
9.	2007-08	16,00,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
10.	2006-07	11,75,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
11.	2005-06	11,50,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
12.	2004-05	3,00,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
13.	2003-04	1,00,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
14.	2002-03	1,00,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
15.	2001-02	1,00,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
16.	2000-01	3,00,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
17.	1999-00	4,50,000/-	UNDISCLOSED INCOME / LOAN to Rajrani Pahwa
Total (to be taken to item 7 of the Form)		98,50,506/-	

ii. Whether any part of income referred in (i) above is in form of investment in asset YES NO

iii. If reply to (ii) above is Yes, furnish description of undisclosed income declared in the form of investment in assets (Use separate sheet in case of multiple assets in the same category)

1. Immoveable property (attach valuation report)

(i) Nature of property (land/building/flat etc.) **N APP**

(ii) Address of the property **N APP**

(iii) Name(s) under which held **N APP**

(iv) Date of acquisition **N APP**

(v) Cost of acquisition as per rule 3(1)(d)(I) **N APP**

(vi) Value as estimated by the registered valuer **N APP**

(vii) Value as per proviso to Rule 3(1)(d) **N APP**

Identification number and date of the registered deed.	Value adopted for stamp duty, if property is acquired on or after 01.04.1981	Fair market value as on 01.04.1981, if property acquired before 01.04.1981	Indexed value of the property as on 01.06.2016
N.A.	N.A.	N.A.	N.A.

(viii) Fair market value as per rule 3 **N APP**

2. Jewellery (attach valuation report)

(a) Gold

(i) Purity-----, Weight-----, Value-----

(ii) Purity-----, Weight-----, Value-----

(b) Diamond (1 carat or more)

(i) Carat-----, Cut-----, Colour-----, Clarity-----, Value-----

(ii) Carat-----, Cut-----, Colour-----, Clarity-----, Value-----

Rajesh Kumar

7. Deduction as per rule 4 of the Income Computation and Conciliation Rules, 2006 (where part of asset acquired from income already assessed under the Income-tax Act) (to be provided in respect of each asset separately) _____

8. Deduction on account of investment made in the asset during the previous year relevant to the assessment year for which a notice u/s 142/143(2)/148/153A/153C of the Income-tax Act is issued _____

9. Total undisclosed income declared in the form of investment in asset (6-7-8) _____

IV. (1) Whether the undisclosed income referred in (I) above had ever been credited in a bank account YES

(2) If Yes, details of such bank accounts

Name and address of Bank	IFSC Code	Account holder name(s)	Account Number	Balance in the Account as on 01.06.2016 (if any)
SUTEX COOP BANK	SUTBO248002	M. SONS	2480021077780	A/c Closed
SUTEX COOP BANK	SUTBO248002	MANJEET SAREES	24800210710764	A/c Closed
SUTEX COOP BANK	SUTBO248002	RAJESHKUMAR K PAHWA	24800220015216	A/c Closed
SUTEX COOP BANK	SUTBO248002	RAJESHKUMAR K PAHWA	24800220015879	A/c Closed
TEXCO BANK	YESBOTCB002	MANJEET SAREES	1001021009970	A/c Closed

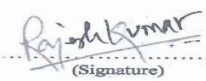
V. Whether any part of income referred in (I) is in the form of fictitious liability NO

VI. If reply to (V) is yes, whether such liability is directly linked to any asset disclosed in the balance sheet N.A.

VII. If reply to (VI) is No, furnish the following :

- Nature of liability: _____
- Financial year in which the liability was created : _____
- Amount of liability: _____

Place: - SURAT
 Date: 28/09/2016.


 (Signature)
 (Name: RAJESHKUMAR K PAHWA)

NOTES:

- If the total amount of tax, surcharge and penalty payable is not paid before 30th November 2016, the declaration will be treated as void and shall be deemed never to have been made.
- If the declaration is made by misrepresentation or suppression of facts it shall be void and shall be deemed never to have been made.
- If space provided is insufficient, separate enclosure may be used for the purpose.
- In the last column of Table at Point (I) relating to nature of undisclosed income, specify the type of income viz. house property income, business income, professional income, commission income, interest income etc.

10. With regard to the addition of Rs.4,59,682/- on account of unexplained bank deposits, it is the submission of the assessee that she is engaged in the business of trading in textiles and the deposits in the bank account represent business receipts. It was contended that the cheques received, which were not deposited in the regular bank account, were deposited in the said account and there was no source of deposits other than trading activity. Reliance was placed on the decision of the Hon'ble Gujarat High Court in CIT v. Babulal K. Daga, 358 ITR 177 (Guj.), wherein it has been held that where the assessee has no other source of income and the deposits represent business turnover, only the embedded profit can be brought to tax.

11. In the present case, the assessee, in response to notice under section 148, filed a return declaring income of Rs.38,929/- on a turnover of Rs.4,56,319/-, resulting in a profit rate of 8.53%. The turnover declared corresponds to the amount deposited in the bank account. As per the regular books of account, the assessee had disclosed a net profit rate of 1.65%.

12. Considering the totality of the facts and circumstances, we are of the view that only the embedded profit in the bank deposits can be brought to tax and not the entire amount of deposits. Accordingly, the Assessing Officer is directed to restrict the addition by applying the same net profit rate as disclosed by the assessee in her regular books of account. This ground of appeal is, therefore, partly allowed.

In the result, the appeal of the assessee for AY 2009-10 is partly allowed.

ITA No. 995/SRT/2025: AY 2011-12

ITA No. 996/SRT/2025: AY 2013-14

13. The facts and issues involved in these appeals are identical to those in AY 2009-10. Accordingly, the decision rendered hereinabove shall apply *mutatis mutandis* to AY 2011-12.

14. However, with regard to AY 2013-14, it was submitted that the investments in FDRs represented reinvestment of FDRs made in earlier assessment years. Since this factual aspect has not been verified by the lower authorities, we deem it appropriate to restore this issue to the file of the Assessing Officer for limited verification. The Assessing Officer shall verify whether the FDRs were made out of amounts already disclosed and taxed in earlier years and

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thereafter allow appropriate relief in accordance with law, after affording due opportunity of being heard to the assessee.

15. In the combined result, the appeals of the assessee for AYs 2009-10 and 2011-12 are partly allowed, while the appeal for AY 2013-14 is partly allowed for statistical purposes.

Order is pronounced in the open Court on 22.01.2026

Sd/-

(SUCHITRA KAMBLE)
JUDICIAL MEMBER

Surat; Dated 22/01/2026

btk

Sd/-

(DR. B.R.R. KUMAR)
VICE-PRESIDENT

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण ,/DR,ITAT, Surat,
6. गार्ड फाईल /Guard file.

आदेशानुसार/ BY ORDER,

TRUE COPY

सहायक पंजीकार (Asstt. Registrar)
आयकर अपीलीय अधिकरण
ITAT, Surat