

**INCOME TAX APPELLATE TRIBUNAL  
AGRA BENCH "SMC": AGRA  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 434/AGR/2025  
(Assessment Year: 2017-18)**

Ajay Kumar Gupta (HUF), F-163/1, Kamla Nagar, Agra	Vs.	Income Tax Officer, Ward-2(1)(1), Agra
(Appellant)		(Respondent)
<b>PAN: AAJHA4155K</b>		

Assessee by :	Shri Anurag Singha, Adv
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	19/01/2026
Date of pronouncement	21/01/2026

**ORDER**

1. The appeal in ITA No. 434/AGR/2025 for AY 2017-18, arises out of the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. NFAC', in short] dated 16/07/2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 09.12.2019 by the Assessing Officer, ITO, Ward-2(1)(1), Agra (hereinafter referred to as 'Id. AO').

2. Though the Assessee has raised several grounds of appeal before me, I find that the effective issue to be decided is as to whether the learned CITA was justified in confirming the addition made in the sum of Rs. 33,28,500/- on account of cash deposits made during the demonetization period, ignoring the contentions of the Assessee in the facts and circumstances of the instant case.

3. I have heard the rival submissions and perused the materials available on record. The return of income for the assessment year 2017-18

was filed by the Assessee HUF on 31-07-2017 declaring total income of Rs. 9,39,430/-. The Assessee is engaged in the business of trading of imitation jewellery. The profit from the said business has been declared under Section 44AD of the Act at Rs. 2,53,877/- on the total sales of Rs. 15,62,320. Apart from that, the Assessee had shown short-term capital gains on sale of silver at Rs. 6,06,669. The computation of short-term capital gains are as under:-

Sale consideration received on sale of silver –	Rs. 33,28,500
Less: Purchase cost	– Rs. 27,21,831
Short-term capital gains	- Rs. 6,06,669

4. The sale consideration of silver was received in cash to the tune of Rs. 33,28,500/- which was deposited by the Assessee in the bank account which fell during the demonetization period. The details of cash deposits made are as under:-

On 25-11-2016 -	Rs. 21,50,000
On 27-12-2016 -	Rs. 11,78,500
Total	Rs. 33,28,500

5. The Learned AO directed the Assessee to explain the source of cash deposits. The Assessee explained that the cash of Rs. 33,28,500/- was deposited in the bank account out of sale proceeds of silver bullion received for Rs. 33,28,500/- in cash. It was also submitted by the Assessee that the sale of silver bullion had happened before the date of announcement of demonetization by the Government of India. The silver

bullion of Rs. 43,06,140/- was disclosed by the Assessee under Income Disclosure Scheme 2016, out of which silver costing Rs. 27,21,831 were sold for Rs. 33,28,500.

6. It is pertinent to note that Assessee even before filing the return of income, had given an explanation to the Income Tax Department regarding the cash deposits made in the bank account pursuant to a query raised in the portal of the Assessee regarding the cash transactions on 14-10-2016 itself. The Assessee had reported the Cash Transactions 2016 explaining the source of cash deposit of Rs 33,28,500 to have emanated out of sale of silver bullion which was disclosed in the income disclosure scheme 2016. In other words, the holding of silver bullion was disclosed by the Assessee in Income Disclosure Scheme 2016 and taxes paid thereon. Part of such silver was sold by the Assessee and proceeds realised thereon in cash was deposited in the bank account. The Assessee gave evidence in this regard and also enclosed the Form No. 4 given under the Income Declaration Scheme 2016 evidencing the payment of taxes thereon. While this is so, no part of the cash deposit could be treated as unexplained in the facts and circumstances of the instant case. Further, the Assessee had sold the silver during the year for Rs 33,28,500/- in cash and had also duly offered short-term capital gains of Rs 6,06,669 in the return which has been accepted by the revenue and taxed as such. Hence, the source of cash deposit is proved again in the return itself.

7. In view of the aforesaid observations, we have no hesitation to delete the addition made on account of cash deposits in the bank account in the facts and circumstances of the instant case by holding that

the Assessee had duly explained the source of cash deposits thereon. Accordingly, the grounds raised by the Assessee are allowed.

8. In the result, the appeal of the Assessee is allowed.

Order pronounced in the open court on 21/01/2026.

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 21/01/2026  
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi