

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

BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT

ITA No. 920& 1012/Bang/2025

Assessment Year: 2020-21

Ms. Gauri Kumari, No. 18, Floor, 11 th Cross, Cubbon pet, Bangalore, Karnataka – 560 002. PAN: BUMPK4085L	Vs.	The Deputy Commissioner of Income Tax, Central Circle 1(1), Bangalore.
APPELLANT		RESPONDENT

&

Shri Ashish Agarwal, No. 18, 1 st Floor, 11 th Cross, Cubbon pet, Bangalore, Karnataka – 560 002. PAN: AEYPA1345J	Vs.	The Deputy Commissioner of Income Tax, Central Circle 1(1), Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Shri Shivaramaiah, CA
Revenue by	:	Shri Ganesh R Gale, Standing Counsel for Department

Date of Hearing	:	18-12-2025
Date of Pronouncement	:	12-02-2026

ORDER

PER PRASHANT MAHARISHI, VICE – PRESIDENT

1. These captioned appeals involved common facts and similar issues and therefore disposed of by this common order. The assesses are Chartered Accountant couple by profession.

2. The captioned Appeal [920/B/2025] is filed by Ms. Gauri Kumari (the Assessee/ Appellant) for Assessment Year 2020-21 against the Appellate Order passed by the Commissioner of Income Tax Appeals – 11, Bangalore (the Ld. CIT(A)) whereby the Appeal filed by the Assessee against the Assessment Order passed by the Deputy Commissioner of Income Tax, Central Circle 1(1), Bangalore (the Ld. Assessing Officer) passed u/s. 143(3) of the Income Tax Act, 1961 (the Act) dated 29.09.2022, was partly allowed.
3. The Assessee is aggrieved and challenged appellate order as per grounds of appeal. The addition on account of gift received of Rs. 7,42,000/-, addition on account of professional receipts of Rs. 2,20,226/- and further addition on account of cash drawings from the partnership firm amounting to Rs. 5,40,000/-.
4. Briefly stated the facts show that Assessee filed a return of income on 01.01.2021 declaring total income of Rs. 9,68,540/-.
5. The Principal Director of Investigation, Bangalore received information from Halasuru Gate Police Station, Bangalore on 30.08.2019 that there is a cash seizure of Rs. 78,00,000/-. Pursuant to that, survey u/s. 133A was carried out on 06.09.2019 at the business of Shri Ashish Agarwal at Bangalore. The facts show that one Mr. Pramod Kumar Katakura at Bangalore filed a police complaint on 26.08.2019 regarding bag snatching containing cash of Rs. 78,00,000/- and a FIR was lodged. Summons u/s. 131 was issued to Mr. Pramod Kumar who stated that the cash does not belong to him, but money belongs to one Smt. Shanti Devi along with Shri Ashish Agarwal, Shri Bishnu Kumar Agarwal, Smt. Sachi Agarwal and Smt. Gauri Kumari (Assessee). Based on the survey at the premises of Mr. Ashish Agarwal, he submitted that the cash belongs to his family and out of that Rs. 23,00,000/- belongs to the Assessee.

6. It was stated that the Assessee provides tuition and consultancy in her individual capacity as well as a partner in a firm. The Assessee disclosed that she had an opening balance of cash on hand as on 31.03.2019 of Rs. 7,97,474/-, she has received gifts from her relatives of Rs. 7,42,000/-, has withdrawn cash from partnership firm M/s. Bishnu Agarwal and Company of Rs. 5,40,000/- and further received professional fees in cash for filing of income tax and GST returns from various customers amounting to Rs. 2,20,226/- which is approximately Rs. 22,99,700/-. This was the source of funds for Rs 23,00,000/-.
7. During hearing, the Assessee submitted a detailed chart showing availability of cash in hand with explanation of its sources.
 - (i) The Ld. Assessing Officer disbelieved the opening cash balance available in hand of Rs 7,97,474/- because the Assessee could not explain the reason why the cash was not deposited in the bank account and not spent but after 5 months was found in a bag. The income tax return was also filed by her on 31.10.2019 which was after the date of survey and therefore he held that the opening cash on hand shown of Rs. 7,96,774/- is merely accounting without any substance.
 - (ii) With respect to the gift of Rs. 4,42,000/- from the various relatives of the Assessee, the Assessee produced the notarized gift deed. All the gifts are from the near relatives of the Assessee. The Ld. Assessing Officer rejected the same stating that all documents submitted by the Assessee are after the cash was seized by the police. None of the gift deeds were registered; therefore, same cannot be treated as genuine.

- (iii) With respect to the professional receipt of Rs. 2,20,000/- the statement of the Assessee was recorded wherein she said that she is running classes for CA students and she also works from home and files the income tax and GST return of various customers who have paid her cash of Rs. 2,20,000/-. The Ld. Assessing Officer rejected the same because Assessee could not provide the details of the classes but relied upon the cash receipts issued in Tally Software. The Ld. Assessing Officer also rejected the same because during survey, she said the professional receipt of Rs. 2,20,226/-. Further, during the assessment proceedings, same were found to be Rs. 2,19,300/- only. Thus, the professional fee received in cash was also not accepted.
- (iv) The sum of Rs. 5,40,000/- which was stated to be withdrawn in cash from M/s. Bishnu Kumar Agarwal & Company where Assessee is a partner was also not accepted because the purpose for which the money was withdrawn by the firm and the cash in hand of the firm was not provided for.
8. Accordingly, the Ld. Assessing Officer made an addition of Rs. 23,00,000/- as unexplained money by passing an Assessment Order on 29.09.2022.
9. The Assessee challenged the same before the Ld. CIT(A). The Ld. CIT(A) accepted the claim of the opening balance of cash in hand of Rs. 7,97,774/-. Further, he did not accept the amount of gift received of Rs. 4,40,000/- from the near relatives. The Ld. CIT(A) also did not believe that Assessee has received cash fees of Rs. 2,20,226/- and therefore the addition was confirmed. The Ld. CIT(A) with respect to the cash withdrawn from the firm did not accept and confirmed the addition. Therefore, the Assessee is in appeal.

10. The Assessee along with her Chartered Accountant Shri Shivaramaiah appeared before me and submitted detailed paper books and evidence. The Ld. Standing Counsel for the Revenue Shri Ganesh R Ghale was also heard.
11. We have carefully considered the rival contentions and perused the orders of the Ld. lower authorities. The facts clearly show that the Assessee is a Chartered Accountant by profession and is partner in a firm. During search proceedings, the Assessee owned that out of Rs. 78,00,000/- cash found, she has nearby cash of Rs. 23,00,000/-. Out of that only the following issues of cash receipt are not disputed before me.
12. Regarding gifts of Rs. 7,42,000/-, the Assessee has furnished a chart showing availability of funds during the time of survey proceedings. Further, the Ld. Assessing Officer disbelieved the same despite the above gift received by the Assessee from her close family relatives. Assessee submitted the gift deed along with the affidavit. The Ld. Assessing Officer did not accept the same because Assessee did not receive any gift earlier and further there was certain inconsistency in the gift deed furnished by the Assessee. The Ld. CIT(A) also rejected the claim of the Assessee because Assessee did not produce gift deeds during survey but furnished during the post survey assessment proceedings. He was of the view that even the gift deeds were notarized on 09.09.2019 when the gifts were received in April 2019. The Assessee submitted that gifts are received from the near relatives. The Assessee has submitted the Affidavits and gift deeds by those relatives. The gift is received from relatives could not be charged to income tax. It was further stated that the reasons given by the Ld. Assessing Officer and the Ld. CIT(A) cannot be used to deny the genuine

gift received from the relatives. It was stated that the gifts were received but the same were recorded in the gift deed in the form of gift deed and affidavit because of showing the evidence before the Ld. Assessing Officer. It was stated that merely because the gift deed is notarized later cannot become non genuine. I find that Assessee has received gifts from her father, mother, brother in law and sister in law. I do not subscribe to the view that gifts from parents received by the Assessee could be subjected to any documentary evidence. The Assessee has submitted that the mother of the Assessee who also has a PAN number and after all the Assessee is also having the PAN number regularly assessed to tax have confirmed gift to the Assessee. Similarly, the brother in law and sister in law also confirmed the gift to the Assessee. The Ld. lower authorities have merely rejected the gift deeds without any enquiry. It is also immaterial that when the Assessee received gift from her near relatives, the same can be disregarded on technical grounds. This cannot be the reason that as Assessee has not received any gifts in past, the gifts would not be genuine. Anyway, the Assessee would be receiving gifts at certain time in the first instance only. In view of the above facts, where the name, address, relationship, quantum of the gift and that too from the parents and near relatives is shown I have no hesitation in directing the Ld. Assessing Officer to delete the addition of Rs. 7,42,000/-. Accordingly, I allow ground no. 2 of the Appeal of the Assessee.

13. The third ground of appeal is with respect to the addition of Rs. 2,20,226/- professional receipts received in cash. The same was rejected by the Ld. lower authorities stating that such sum cannot be accepted as a professional fee received by the Assessee because there is no receipt issued by the Assessee in cash and the name of the people from whom the same is

received is not available. The Assessee is stated to be a Chartered Accountant and a partner in a CA firm. She has offered the professional fees of Rs. 2,20,226/-. The Ld. Assessing Officer questioned the professional that why she has received the cash and why she has kept cash in hand. On identical grounds, the Ld. CIT(A) has deleted the opening balance cash in hand. However, same logic applied by the Ld. Assessing Officer for making this addition was deleted by the Ld. CIT(A). The Assessee is also carrying on classes for CA students. The Assessee has shown breakup of period wise list of professional fees along with the PAN and details of parties were furnished which is also placed on page no. 159-160 of the paper book. She has also shown the income tax return acknowledgment copies of the Assesses to whom services were provided in support of her contention. Regarding the fee's receipts from the students, ID numbers of the students were also shown. The Ld. CIT(A) merely confirmed the addition because during survey this evidence were not shown. I find that when the professional CA is showing the cash receipt of Rs. 2,20,226/- as her professional fees giving the name and copies of the income tax return, so far as the professional services are concerned and further for the purpose of tuition fees received from CA students, ID numbers of the students are also submitted, such small amount of professional fees could not have been disbelieved. Accordingly, we direct the Ld. Assessing Officer to delete the addition of Rs. 2,20,226/- and allow ground no. 3 of the Appeal.

14. Ground no. 4 is with respect to the amount withdrawal from the partnership firm amounting to Rs. 5,40,000/-. During the survey, Assessee submitted the ledger extract of cashbook evidencing amount withdrawal from partnership firm during the time of survey itself. Assessee has also furnished copies of the

payment vouchers from that partnership firm where Assessee is a partner showing withdrawal of cash from the books of the firm. The date wise withdrawal along with the copy of the account statement of the partnership firm was produced before the Ld. Assessing Officer. The Ld. Assessing Officer disbelieved the same stating that during survey, no such documentary evidence was produced. Before the Ld. CIT(A), complete details of withdrawal from partnership firm were shown wherein he confirmed the addition that the above sum would have been spent on household withdrawal. I find that Assessee has submitted the details of cash withdrawal from the partnership firm where she is a partner. Undoubtedly, the revenue accepted that the above amount is withdrawn by the Assessee from the partnership firm. It is not the case of the revenue that partnership firms were not having available cash as on the date of the withdrawal. Accordingly, I have not hesitation in deleting the addition of Rs. 5,40,000/- in the hands of the Assessee which is shown by the Assessee but have been withdrawn in cash from the partnership firm where she is a partner. Accordingly, ground no. 4 of the Appeal is allowed.

15. In the result, Appeal filed by the Assessee is partly allowed as ground no. 1 and ground no. 5 are not pressed. Hence, I dismiss those grounds.
16. In the result, Appeal is partly allowed.

ITA No. 1012/Bang/2025

17. ITA No. 1012/Bang/2025 is filed by Shri Ashish Agarwal for Assessment Year 2020-21 against the Appellate Order passed by the Commissioner of Income Tax, Appeals – 11, Bangalore dated 31.01.2025 wherein the Appeal filed by the Assessee against the Assessment Order passed by the Deputy commissioner of Income Tax, Circle-1(1), Bangalore u/s.

143(3) of the Income Tax Act dated 29.09.2022 was partly allowed. The Assessee is in appeal because the Ld. CIT(A) has confirmed addition on account of gift received of Rs. 4,92,000/- , professional fees of Rs. 4,68,200/- and addition on account of cash drawings from partnership firms amounting to Rs. 5,80,000/- was confirmed.

18. The facts are as stated in the ITA No. 920/Bang/2025.
19. Out of the sum of Rs. 78,00,000/-, the Assessee has owned the sum of Rs. 25,00,000/-. The Assessee explained that part of the above sum is the money received from professional firms as professional fees, part of the sum is received from relatives as gift and part of the sum is money withdrawn from the partnership firm. Assessee submitted identical details as submitted in the case of Ms. Gauri Kumari. The Ld. Assessing Officer made an addition of Rs. 25,00,000/- out of which the Ld. CIT(A) accepted the claim of the Assessee to the extent to Rs. 9,59,000/-. But he confirmed the addition of Rs. 4,92,000/- on account of gifts received from relatives, receipt of professional fees of Rs. 4,68,200/- and sum of Rs. 5,80,000/- being cash withdrawal from the partnership firm. The gift received was explained by the Assessee from sister and brother in law as well as father in law and mother in law. The gifts were accepted as the sources of the cash for similar reasons as in the case of the wife of the Assessee. With respect to the professional fees, Assessee is a CA wherein he has stated that he has received Rs. 25,00,000/- from his client M/s. Suman exports and there are also some small clients. He also demonstrated from the books of accounts maintained in Tally software about such receipts. He also mentioned that some of the cash is also received for payment of tax on behalf of his clients. The Assessee stated the name of the clients, their address and nature of services along with PAN's. The Ld.

Assessing Officer disbelieved for similar reasons as in the case of the wife of the Assessee and the Ld. CIT(A) also confirmed the same.

20. The third addition with respect to the amount of cash withdrawn of Rs. 5,80,000/-. The Assessee submitted that he is partner in a partnership firm where there are 9 partners and has 5 branches across the country whereby the Assessee has withdrawn cash from partnership firm which was shown in the cashbook of the partnership firm. The Ld. Assessing Officer disbelieved the same and the Ld. CIT(A) also confirmed the same.
21. The Ld. Authorized Representative and the Ld. Departmental Representative were heard. Both submitted that facts of the case are identical in the case of the wife of the Assessee Ms. Gauri Kumari. They also stated that the documents, their evidence and the reasoning given by the revenue authorities are also similar.
22. I have carefully considered the rival contentions and find that the facts are similar in the case of the Assessee with the facts of the case of Ms. Gauri Kumari (wife of the Assessee). I have given detailed reasons for deleting the additions in the hands of the wife of the Assessee. As the parties confirmed that there is no change in the circumstances of the case as well as the nature of evidences produced, I also for the similar reasons allow ground no. 2, 3 and 4 of the Appeal in the hand of the Assessee and direct the Ld. Assessing Officer to delete the addition with respect to the gifts received of Rs. 4,92,000/- (ground no. 2), the addition on account of professional receipts of Rs. 4,68,200/- (ground no. 3) and addition of cash withdrawal from partnership firm amounting to Rs. 5,80,000/- (ground no. 4) are directed to be deleted.
23. All other grounds are not pressed and hence dismissed.

24. In the result, Appeal filed by the Assessee is partly allowed.

Order pronounced in the open court on 12th February, 2026.

Sd/-
(PRASHANT MAHARISHI)
VICE-PRESIDENT

Bangalore,
Dated, the 12th February, 2026.

TNTS

Copy to:

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

By order

Assistant Registrar,
ITAT, Bangalore