

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, CHENNAI

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष
BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.:2547/Chny/2025
निर्धारण वर्ष / **Assessment Year: 2017-18**

Patchaiappan Anbu Kothandaraman, No.7, West Street, Villianur, Puducherry – 605 110.	vs.	The Assistant Commissioner of Income Tax, Pondicherry Circle, Pondicherry.
[PAN: AFGPA-2228-D] (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. R. Vijayaraghavan, Advocate
प्रत्यर्थी की ओर से/Respondent by : Ms. Gouthami Manivasagam, Addl.C.I.T.

सुनवाई की तारीख/Date of Hearing : 05.01.2026
घोषणा की तारीख/Date of Pronouncement : 13.02.2026

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM:

The present appeal is filed by the assessee against the order dated 31.07.2025 passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as "Id.CIT(A)"), dismissing the appeal filed by the assessee against the assessment order dated 24.12.2019 passed u/s.143(3) of the Income Tax Act, 1961 (hereinafter referred to as the "Act"), pertaining to Assessment Year (A.Y.) 2017-18.

2. The brief facts of the case are that the assessee is an individual and has filed his return of income for the impugned Assessment Year 2017-18 on

06.01.2018 admitting a total income of Rs.18,98,280/-. The assessee' case was selected for scrutiny under CASS and thereafter notice u/s.143(2) of the Act was issued on 08.08.2018. Multiple notices were issued upon the assessee. Hence after, the assessment order came to be passed on 24.12.2019 u/s.143(3) of the Act, wherein the Assessing Officer assessed the total income of the assessee at Rs.56,50,780/- by making an addition u/s.69 of the Act to the tune of Rs.37,52,500/- (Rs.20,80,500/-+ Rs.16,10,000/- + Rs.62,000/-) and raised a demand of Rs.39,93,928/-.

3. Aggrieved by the order of the Assessing Officer, the assessee preferred an appeal before the Id.CIT(A) on various grounds. The Id.CIT(A) vide order dated 31.07.2025 upheld the addition made by the Assessing Officer.

4. Aggrieved by the above order of the Id.CIT(A), the assessee preferred the present appeal.

5. The assessee is engaged in the business of real estate and retail IMFL (Liquor) business. During the period between 10.11.2016 to 05.12.2016, the assessee deposited SBNs to the tune of Rs.22,92,000/- into three bank accounts but only Rs.2,11,500/- was deposited on the first available date, i.e.10.11.2016. The remaining figure, which is Rs.20,80,500/- were deposited in tranches. Further, the assessee also had fixed deposits of Rs.16,10,000/- and Rs.62,000/-.

6. During the assessment proceedings, the Assessing Officer issued a notice dated 04.12.2019, the assessee submitted his response electronically and submitted computation of income, financial statements, bank account statements, list of agricultural lands and such other details as called for. The Assessing Officer issued a notice u/s.133(6) to the banks in which the assessee maintains an account with and passed the order u/s.143(3) of the Act while making an addition u/s.69 of the Act to the tune of Rs.37,52,500/- (Rs.20,80,500/-+ Rs.16,10,000/- + Rs.62,000/-) after deducting the deposit of Rs.2,11,500/-.

7. Aggrieved by the order of the Assessing Officer, the assessee filed an appeal before the Id.CIT(A). The assessee, during the course of the appellate

proceedings explained that Rs.20,80,500/- were deposited on various dates due to rush in the bank. The assessee submitted that the source for these deposits is nothing but the agricultural income earned to the tune of Rs.16,19,980/-, real estate receipt of Rs.11,80,569/-, sale of agricultural land to the tune of Rs.4,59,833/- and sales turnover of retail IMFL items of Rs.2,10,77,643/-. The assessee further submitted that after the announcement of demonetization, he has not accepted any SBNs. With regard to the fixed deposits (Rs.16,10,000/- and Rs.62,000/-) the assessee submitted that it is nothing but accumulated savings of the past years from retail of IMFL items, real estate and agricultural income. The Id.CIT(A), dismissed the appeal of the assessee while stating that the assessee has not substantiated their statements with relevant documentary evidence.

8. Aggrieved by the order of Id.CIT(A), the assessee is in appeal before us.

9. Before us, the Id.AR of the assessee filed a paper book and submitted Cash Flow from Assessment Years 2015-16 to 2017-18, return of income for the impugned Assessment Year, statement of income, profit & loss account and balance sheet. The Id.AR of the assessee reiterated their submission from first appeal and argued that the Assessing Officer has erred in making an addition u/s.69 to the tune of Rs.37,52,500/- (Rs.20,80,500/-+ Rs.16,10,000/- + Rs.62,000/-) when there are documentary evidence explaining the source of these figures, which were also submitted before the Assessing Officer, but was not considered by him.

10. Per contra, the Id.DR argued that the order of the Id.CIT(A) is in conformity of law and appreciation of the facts of the case. The Id.DR submitted that the assessee failed to submit cash book, registers or vouchers to substantiate that Rs.20,80,500/- formed part of cash in hand and was not accrued post-demonetization. It was also reiterated that the assessee has not supplemented their statement with credible documents.

11. We have carefully considered the rival submissions, perused the material on record. The admitted facts are that the assessee is engaged in the business of

real estate and retail of IMFL items. The assessee also earns income from agricultural lands. For the impugned Assessment Year, the assessee made SBN deposits from 10.11.2016 to 05.12.2016. The Assessing Officer vide order u/s.143(3), added a sum of Rs.37,52,500/- (Rs.20,80,500/-+ Rs.16,10,000/- + Rs.62,000/-) u/s.69 after deducting the cash deposit of Rs.2,11,500/- made on 10.11.2016. The question arising here is whether the assessee has adequately explained their source of deposits.

12. In this regard, we are of the view that the Assessing Officer has not considered the documents filed by the assessee during the course of the assessment proceedings. No reference is made in the assessment order, with respect to the various documents filed by the assessee during the course of assessment proceedings or how the explanation of the assessee is not acceptable. Adhering to the principles of natural justice, we remit the matter back to the Assessing Officer, for de-novo adjudication, so as to provide the assessee with another opportunity to demonstrate the cash deposited of the explained sources (agricultural land, real estate and retail IMFL items) as well as to demonstrate the fixed deposits sources with relevant documents and pass orders in accordance with the law.

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

Order pronounced in the open court on 13th February, 2026 at Chennai.

Sd/-
(जॉर्ज जॉर्ज के)
(GEORGE GEORGE K)
उपाध्यक्ष /VICE PRESIDENT

Sd/-
(एस. आर. रघुनाथा)
(S. R. RAGHUNATHA)
लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 13th February, 2026

SP

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF