

आयकर अपीलीय न्यायाधिकरण, विशाखापट्टनम “एस एम् सी” बेंच में  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Visakhapatnam “SMC” Bench, Visakhapatnam**

श्री विजय पाल राव, माननीय उपाध्यक्ष एवं श्री ओम्कारेश्वर चिदारा, माननीय लेखा सदस्य

**SHRI VIJAY PAL RAO, HON’BLE VICE PRESIDENT**  
**AND**

**SHRI OMKARESHWAR CHIDARA, HON’BLE ACCOUNTANT MEMBER**

आयकर अपीलसं./I.T.A.No.731/Viz/2025  
(निर्धारण वर्ष/ **Assessment Year: 2017-18**)

Venkatanarayana Peetha Guntur PAN : BYSPP4577L (अपीलार्थी/ <b>Appellant</b> )	Vs.	Income Tax Officer Ward-1 Tenali (प्रत्यर्थी/ <b>Respondent</b> )
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri M.V.Prasad, CA
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr.Aparna Villuri, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	20.01.2026
घोषणा की तारीख/ Date of Pronouncement	:	13.02.2026

**ORDER**

**PER OMKARESHWAR CHIDARA, A.M :**

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax(Appeals) [“Ld.CIT(A)”], National Faceless Appeal Centre (“NFAC”), Delhi in DIN & Order No.ITBA/NFAC/S/250/2025-26/1081156948 dated 25.09.2025, arising out of order passed by the Ld.AO u/s 153C r.w.s.250 of the

Income Tax Act, 1961 (“the Act”), pertaining to the assessment year 2017-18.

2. In the above mentioned case, an amount of Rs.12.51 lakhs was added by the AO, while completing the scrutiny assessment for the A.Y.2017-18, as the assessee could not explain the sources of deposits made into his bank account. During the assessment proceedings, the assessee was required by the AO to file sources of cash deposits for which, it was stated that he is a real estate agent, and also derives certain agricultural income on the land, which was taken on lease. There are certain savings out of agricultural income also and put together all these, an amount of Rs.12.51 lakhs was deposited into his bank account. When the assessee gave such clarification with reference to cash deposits, the AO has further asked the assessee to file evidences for the past savings, agricultural income etc. Since the source was not filed along with evidences, nor any relevant confirmation from land owners from whom land was taken on lease to cultivate agricultural land was filed before the AO, an addition of Rs.12.51 lakhs was made u/s 69A of the Act. While concluding the assessment, the Ld.AO has mentioned that the assessee opened an account in the Corporation Bank, Brundavan Gardens, Guntur only during demonetisation period, which clearly exhibits and deemed that

the assessee has accommodated others money to deposit in his bank account in the guise of sources emanated out of agricultural savings of him. It was also mentioned that the vague explanation given with regard to source of cash deposits, without any documentary proof, makes the claim as not genuine. Since the assessee failed to explain the source of cash deposits, the same was treated as unexplained cash credit and section 69A was invoked to tax the same.

3. As the AO made addition u/s 69A, an appeal was filed before the Ld.CIT(A). From the file, it is noted that this is the second round of appeal and the Ld.DR has mentioned that since the assessee is not complying with the notices, the appeal should be dismissed. In the first round of appeal, the ITAT has given certain observations, which are reproduced below :

*"The assessment was completed by the AO, making an addition of 12,51,000/-under section 69A of the act, which was confirmed by the Ld. CIT(A). The Assessee filed a paper book and contended that the sources for the cash deposits was from the agricultural income derived for the last 15 years and the commission received as real estate agent, besides agricultural income. The assessee pleaded for one more opportunity of being heard before the Ld. CIT(A) to substantiate its case with material evidences. Keeping in view the aforesaid facts and circumstances of the case and in order to meet the principles of natural justice, I am inclined to remit the matter back to the file of the Ld. CIT(A) and direct the Ld. CIT(A) to afford an opportunity of being heard to the assessee and pass order after verification. The assessee is also directed to adhere to the*

*notices issued by the revenue authorities and cooperate with the department during the proceedings."*

4. In pursuance of the directions of ITAT, notices were issued by the Revenue to explain the sources of cash deposits. From the order of the Ld.CIT(A), it is seen that five opportunities were given and there was no compliance on the part of the assessee, hence, it was presumed by the Ld.CIT(A) that he is not interested in pursuing the appeal and accordingly, the appeal was dismissed. Since there was no compliance, the Ld.CIT(A) has passed the appellate order in the second round, stating that the assessee claims to be a farmer and the savings made out of agricultural income earned out of the leased land and real estate commission was deposited into the bank account. Since there were no documentary evidences for the claims made during the demonetisation period, the submissions of the assessee were rejected and following the directions of ITAT, multiple opportunities were provided to the assessee. As the assessee did not make any submission with relevant evidences, the Ld.CIT(A) has confirmed the addition made by the AO again.

5. The assessee filed an appeal further to the ITAT, repeating the contentions made by the assessee before the lower authorities. The Ld.AR of the assessee simply stated that the Ld.CIT(A) is not justified

in sustaining the addition of Rs.12.51 lakhs during the demonetisation period and taxing the same @60% as the amended provisions of section 115BBE are applicable only on the transactions carried out on or after 01.04.2017. In the impugned appeal, the transactions were done by the assessee before this period and hence, 60% tax cannot be applied in this case. In this context, the Ld.AR of the assessee has relied on the decision of Hon'ble Kerala High Court in the case of Maruthi Babu Rao Jadav Vs. ACIT[2025] 171 taxmann.com 463 (Kerala) and the decision of Coordinate Bench of ITAT Hyderabad in the case of Spectra Equipment (P.) Ltd. Vs. ITO [2025] 211 ITD 61 (Hyderabad-Trib), which held that 60% rate applies only from A.Y.2017-18, in view of the amended provisions as held by Hyderabad Tribunal in the case of Spectra Equipment (P.) Ltd. Vs. ITO (supra). The Ld.AR of the assessee has also mentioned that in the case of S.M.I.L.E. Microfinance Ltd. Vs. Asst.Commissioner of Income Tax [2025] 179 taxmann.com 65 (Madras), the Hon'ble High Court of Madras held that for the A.Y.2017-18, the rate of taxation of 60% cannot be applied and a normal rate of 30% plus is only applicable. In other words, section 115BBE cannot be applied for the A.Y.2017-18.

6. The Ld.DR has argued that the provisions relating to amendment are applicable to A.Y.2017-18 also. Moreover, the

Ld.CIT(A) has held that there is no cooperation from the assessee, even during second round of appeal and hence, the appeal should be dismissed and the order of the Ld.AO should be upheld.

7. The Ld.AR of the appellant has pleaded that 60% of the cash deposits may be taxed and 40% of the receipts may be given as deduction with normal rates of taxation.

8. The Bench heard the submissions of both the parties and also perused the cases law submitted by both the parties. The Ld.AR of the appellant relied on the decisions of coordinate Bench of Visakhapatnam in the case of Gopichand Nimmagadda in ITA No.329/Viz/2024, A.Y.2017-18 and Manju Vani Chigurupati in ITA No.363/Viz/2024, A.Y.2017-18, where, it was held that the rate of interest applicable to A.Y.2017-18 is only 30% and not 60%. Respectfully following the decisions of coordinate Benches and the decisions of Hon'ble High Courts, it is decided that the tax rate to be applied in this case is only 30% and not 60%. As far as the quantum of the deposits made into the bank account is concerned, the assessee could not substantiate his contention along with any concrete evidences, with respect to past savings and agricultural income etc. Since, there is no evidence with regard to past savings etc. the addition

made by the Ld.AO is confirmed and the tax rate to be applied is 30%, but not 60%. The appeal of the assessee is partly allowed as above.

9. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the Open Court on 13<sup>th</sup> February, 2026.

<p>Sd/- (विजय पाल राव) <b>(VIJAY PAL RAO)</b> उपाध्यक्ष /<b>VICE PRESIDENT</b></p>	<p>Sd/- (ओम्कारेश्वर चिदारा) <b>(OMKARESHWAR CHIDARA)</b> लेखा सदस्य/<b>ACCOUNTANT MEMBER</b></p>
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Visakhapatnam  
dated 13.02.2026.  
**L.Rama/sps**

**ITA No. 731/Viz/2025**  
**Venkatanarayana Peetha**

**आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-**

<b>1.</b>	निर्धारिती/The Assessee	:	Shri Venkatanarayana Peetha, House No.4-41, Godavarru Village, Duggirala Mandalam, Guntur
<b>2.</b>	राजस्व/ Revenue	The :	The Income Tax Officer, Ward-1, Income Tax Office, D.No.19-15-47, Opp.Sai Baba Temple, Bose Road, Tenali
<b>3.</b>	The Principal Commissioner of Income Tax, Visakhapatnam		
<b>4.</b>	विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, विशाखापट्टनम / The DR, ITAT, Visakhapatnam		
<b>5.</b>	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Visakhapatnam