

**IN THE INCOME TAX APPELLATE TRIBUNAL**

**"C" BENCH, MUMBAI**

**BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER**

**SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER**

**ITA No. 806/MUM/2025**  
**(Assessment Year : 2014-15)**

**Pooja Vinod Wadhvani,**

105, Tulip Building, May Flower,  
Ambarnath,  
Maharashtra - 421501  
PAN: AAQPW2153G

..... Appellant

v/s

**Income Tax Officer, Ward - 2,**

Kalyan, Mohan Plaza, Khadakpada,  
Kalyan (W) - 421301

..... Respondent

Assessee by : M. Subramanian

Revenue by : Shri Virabhadra Mahajan, Sr. DR

Date of Hearing – 16/02/2026

Date of Order - 18/02/2026

**ORDER**

**PER SANDEEP SINGH KARHAIL, J.M.**

The assessee has filed the present appeal against the impugned order dated 05/12/2024, passed under section 250 of the Income Tax Act, 1961 (*"the Act"*) by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, [*"learned CIT(A)"*], for the assessment year 2014-15.

2. In this appeal, the assessee has raised the following grounds: -

*"1. On the facts and circumstances of case and in law. the Order passed by learned Assessing Officer is invalid and bad in Law.*

*2. On facts and circumstances of the case and in law, the learned CIT(A) erred in estimating the profit on Rs.22,45,000/- being 50% of total cash deposits at 5% and upholding the addition to that extent and that too without assigning any proper reason.*

*3. On facts and circumstances of the case and in law, the learned CIT(A) erred in upholding the addition to the extent of 50% of total cash deposits amounting to Rs.22,45,000/- as unexplained amount u/s.69A of the Act.”*

3. We have considered the submissions of both sides and perused the material available on record. The brief facts of the case are that the assessee is an individual and, for the year under consideration, did not file her original return of income under section 139(1) of the Act. Pursuant to the information received from the Non-filers Monitoring System that the assessee has deposited cash amounting to Rs. 1,33,65,000 in her bank account maintained with the State Bank of India, and the assessee has failed to file her return of income under section 139 of the Act, notice under section 148 of the Act was issued on 31/03/2021, and proceedings under section 147 of the Act were initiated. As the assessee did not file her return of income even in response to the notice issued under section 148 of the Act, statutory notices under section 142(1) of the Act were issued, and the assessee was asked to explain the source of cash deposited in her bank account maintained with the State Bank of India along with the documentary evidence which could explain the nature and source of the cash deposits in the year under consideration. However, the assessee failed to respond to the statutory notices issued and served under section 142(1) of the Act.

4. Pursuant to the show cause notice, the assessee made the following response: –

*"I have not filed return of Assessment Year 2014-15 as I was advised that my Income is below taxable I need not file my return of Income.*

*During the year under consideration have earned Interest Income and FDR Interest and Business Income from re-sale of raw cloth.*

*During the year I have deposited cash of Rs.44,90,000/- and withdrawn cash of Rs.5,33,000/-. I have incurred losses and therefore I have closed my business during the year deposited sales proceeds in my account. Sir, as I was dealing in grey cloth the margin in business was very thin i.e. less than 1%. I am having health issues due to which I was not able to take care of my business the copy hospital reports are attached herewith.*

*Sir, as per your draft Order I have deposited cash of Rs.1,33,65,000/- which is not correct. **I have deposited cash of Rs.44,90,000/- only which was received on account of sales proceeds.***

*The copy of bank pass book of my account with State Bank of India and Bank of Maharashtra are attached herewith. I have also earned FDR Interest of Rs.49,914 and Saving Account Interest of Rs.1,08,295/-.*

*Sir, considering Net Profit of 1% of Rs.44,90,000/- on Turnover and FD Interest and Saving Interest my total Income comes to Rs.2,03,109/- which is below taxable limit".*

*(Emphasis supplied)*

5. Thus, the assessee submitted that during the year, she deposited cash of Rs. 44,90,000 and withdrew cash of Rs. 5,33,000. The assessee also clarified that only an amount of Rs. 44,90,000 was deposited in cash by her instead of Rs. 1,33,65,000 claimed in the draft order. As regards the deposit of Rs. 44,90,000 in cash, the assessee submitted that the said deposit was on account of sale proceeds received during the year from a business of dealing in grey cloth, wherein the margin was very thin, i.e. less than 1%. Thus, the assessee submitted that as the net profit of 1% of Rs. 44,90,000 on turnover and interest earned on fixed deposit and savings account resulted in a total income of Rs. 2,03,109, which was below the taxable limit, she did not file her return of income. The assessee also submitted a copy of the return of income filed on 17/02/2022.

6. The Assessing Officer ("AO"), vide order dated 15/03/2022 passed under section 147 read with section 144 read with section 144B of the Act, disagreed with the submissions of the assessee and held that the assessee has not submitted any documentary proof regarding the claim of doing business. The AO further held that, in any type of business, accounts must have debit and credit entries on a regular basis. However, in the present case, the cash deposit was made within a short span of time. Accordingly, in the absence of any documentary evidence submitted by the assessee in support of her claim, the AO, *inter alia*, made an addition of Rs. 44,90,000, being the cash deposited by the assessee in her bank account, under section 69A of the Act by treating the same as unexplained money.

7. The learned CIT(A), vide impugned order, granted partial relief to the assessee and, to meet the ends of justice, considered 50% of the cash deposits as generated from business transactions and the remaining 50% of the cash deposits as generated from undisclosed sources. Considering 5% as the profit margin in the business transaction, the learned CIT(A) directed the AO to make an addition of Rs. 1,12,250, being 5% of Rs. 22,45,000, as business income. The relevant findings of the learned CIT(A) are as follows:—

*"3(a). During the course of assessment proceedings, the AO has given sufficient opportunities on 11/01/2021 and 10/12/2021 and 17/11/2022 to assessee to explain the sources of cash deposits in her bank account. There was no response from the assessee therefore the AO issued show cause notice on 10.20.2022 in which given a clear proposal on issues on which he is going to make the additions. In response, the assessee simply stated that she has been engaged in business of grey cloth but did not file any details to substantiate her business activities. She simply stated that she has only having a margin of 1% on the total sale of grey clothes but did not file any supporting documents. In absence any supporting documents I am not convinced with the contentions of the assessee. However, to meet the ends of the justice, 1*

*hereby consider 50% of cash deposits as generated from business transactions and remaining 50% of cash deposits are generated from undisclosed sources. Accordingly, I hereby estimate 5% of business transactions i.e. on Rs. 22,45,000/- as business income which comes to Rs. 1,12,250/-. It is to be treated as business income and the balance of Rs.22,45,000/- is hereby considered as from undisclosed sources. The addition made by AO is partly confirmed. The assessee's grounds are partly allowed."*

8. From the perusal of the order passed by the lower authorities and submission of the assessee before the AO as well as the learned CIT(A), it is evident that the consistent claim of the assessee was that the cash deposit of Rs. 44,90,000 was made on account of sale proceeds received from the business of dealing in grey cloth. We find that even in para. 6 of the Statement of Facts before the learned CIT(A), the assessee made a similar claim.

9. During the hearing before us, the learned Authorised Representative ("*learned AR*") submitted that the balance sustained deposited amount of Rs. 22,45,000 is nothing but out of the opening cash balance and other withdrawals. In this regard, the learned AR referred to the cash summary statement, forming part of the paper book from pages 62-66, for the financial years 2009-10 to 2013-14. The written submissions filed by the learned AR are reproduced as follows: –

#### *"SUBMISSIONS*

*As stated earlier, the entire deposits appearing in the bank pass book amounting to Rs.40,09,000/- have been added u/s 69A of the act. The learned CIT(A) reduced the addition by treating 50% of the deposits as business receipts i.e. Rs. 22,45,000/- and estimating the income at 5% of the receipts and retained the remaining addition of Rs.22,45,000/- as unexplained money. This position has been accepted and the Revenue is not in appeal.*

*As regards, the balance sustained deposited amount of Rs.22,45,000/- is concerned, it has to be submitted that the same is out of the opening cash balance of Rs.22,05,260/- and other withdrawals. A copy of the bank pass book and cash summary statement are available at page no. 9 to 56 and 62 to 66 of the paper book. In this connection, the Hon'ble Tribunal's attention is invited to the decision rendered by the Hon'ble Mumbai Bench of the Tribunal*

*in the case of Pankaj Pyarelal Khemka V. Income tax officer 169 taxmann.com 690 (Mum. Tribunal) wherein it has been held that where there are equivalent withdrawals giving a credit balance, the proper course would be to either consider withdrawals or apply net profit rate to deposits.*

*In view of the above, it is submitted that the appeal be allowed and the A.O. be directed accordingly."*

10. Thus, from the foregoing paragraphs, it is evident that the assessee, for the first time, claimed that the part cash deposited in her bank account was out of the opening cash balance and other withdrawals. Further, in support of its claim, the assessee has also furnished the cash summary, for the first time, as noted above. In this regard, the assessee has also filed an application under Rule 29 of the ITAT Rules, 1963, seeking admission of additional evidence, which forms part of the paper book from pages 57-86, which, *inter alia*, comprises of the copy of assessment order passed under section 143 (3) of the Act for the assessment year 2013-14 and the cash summary for the financial years 2009-10 to 2013-14.

11. As the assessee for the first time made a claim before us that the part cash deposited in her bank account to an extent of Rs. 22,45,000 was out of the opening cash balance and other withdrawals made during the year, and in support of her submission has also placed on record certain documentary evidence, which have not been examined by any of the lower authorities, we deem it appropriate in the interest of justice and fair play, to grant one more opportunity to the assessee to substantiate her claim in respect of cash deposited in the bank account to an extent of Rs. 22,45,000 before the lower authorities. Accordingly, the issue pertaining to the addition to an extent of 50% of the total cash deposits, amounting to Rs. 22,45,000, which was upheld

in the hands of the assessee as an unexplained amount under section 69A of the Act, is restored to the file of the AO for *de novo* adjudication. Needless to mention, no order shall be passed without affording reasonable and adequate opportunity of hearing to the assessee. As a result, Ground No.3, raised in assessee's appeal, is allowed for statistical purposes.

12. Insofar as Ground No. 2, raised in assessee's appeal, pertaining to addition to an extent of 5% of Rs. 22,45,000, by considering the said cash deposited in assessee's bank account, as arising from the business transaction, no material has been placed on record by the assessee to negate the findings of the learned CIT(A). Accordingly, the findings of the learned CIT(A) to this extent are upheld, and Ground No. 2 raised in the assessee's appeal is dismissed.

13. Ground No. 1, raised in assessee's appeal, is general in nature and therefore needs no separate adjudication.

14. In the result, the appeal by the assessee is partly allowed for statistical purposes.

Order pronounced in the open Court on 18/02/2026

**Sd/-**  
**VIKRAM SINGH YADAV**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**SANDEEP SINGH KARHAIL**  
**JUDICIAL MEMBER**

**MUMBAI, DATED: 18/02/2026**

*Prabhat*

Copy of the order forwarded to:

- (1) *The Assessee;*
- (2) *The Revenue;*
- (3) *The PCIT / CIT (Judicial);*
- (4) *The DR, ITAT, Mumbai; and*
- (5) *Guard file.*

By Order

Assistant Registrar  
ITAT, Mumbai.