

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'ए-एस एम् सी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "A-SMC" Bench, Hyderabad

श्री मंजुनाथा जी., माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI MANJUNATHA G., HON'BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आयकर अपील सं./I.T.A.No.1051/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2017-18)

Devraju Gajji Hyderabad PAN : AMSPG6228Q	Vs.	Income Tax Officer Ward-1 Warangal
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri T.Chaitanya Kumar, Adv
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Shri.K.Vamsi Krishna, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	05.02.2026
घोषणा की तारीख/ Date of Pronouncement	:	20.02.2026

ORDER

PER MANJUNATHA G., A.M :

The captioned appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), National

Faceless Appeal Centre (“NFAC”), Delhi [“Ld.CIT(A)”], dated 02.04.2024, pertaining to the assessment year 2017-18.

3. The brief facts of the case are that the assessee is an individual, engaged in the business of trading in pharmaceuticals in the name and style of M/s Anjaneya Medical Agencies, filed his return of income for the A.Y.2017-18 on 02.12.2017, admitting income of Rs.7,66,190/-. The case was selected for scrutiny to verify high value receipts of cash shown from third parties in response data. During the course of assessment proceedings, the A.O. noticed that the assessee has made cash deposits of Rs.26,33,500/- on various dates during the demonetization period in SBNs. The A.O. called upon the assessee to file relevant evidences to prove the source for cash deposits. In response, the assessee submitted that he is into the business of trading in pharmaceuticals and source for cash deposits is out of receipt from sundry debtors. However, could not furnish any evidence, including cash book to show the source for cash deposits. The A.O., after considering relevant submissions of the assessee and also taking note of amount of cash of cash deposits in SBNs on different dates, observed that, out of total deposit of

Rs.26,33,500/-, the assessee has made cash deposit of Rs.4,10,000/- on 10.11.2016, which can be considered as sales made before the date of demonetization and held cash in hand. In respect of the balance amount of cash deposit of Rs.22,23,500/-, the assessee has not been able to prove the source of cash deposit after 09.11.2016. Since the assessee has not filed the relevant evidence to prove the source, the A.O. observed that the cash receipts shown by the assessee from sundry debtors after 08.11.2016 is contrary to the notification issued by the Govt. of India and RBI and therefore, cannot be accepted. Thus, rejected the explanation of the assessee and made addition of Rs.22,23,500 u/s 69A of the Income Tax Act, 1961 ("the Act") as unexplained money and brought to tax u/s 115 BBE of the Act.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the CIT(A). Before the CIT(A), the assessee has reiterated the submissions made before the A.O and claimed that cash deposited in the bank account in SBNs was received from sundry debtors during the demonetization period. The Ld.CIT(A) after considering the submissions of the assessee and also taking

note of relevant notifications issued by the Govt.of India, relating to SBNs during the demonetization period held that the assessee is not covered under the exception provided in the Notification 3408(E) dated 08.11.2016. Since the assessee claimed to have received SBNs during the demonetization period, the A.O. has rightly rejected the explanation for the source for cash deposits and made addition of Rs.22,23,500/- u/s 69A of the Act as unexplained money and brought to tax u/s 115BBE of the Act. Thus, upheld the additions made by the A.O. and dismissed the appeal filed by the assessee.

5. Aggrieved by the order of the Ld.CIT(A), the assessee is now in appeal before the Tribunal.

6. Shri T.Chaitanya Kumar, Advocate, the learned counsel for the assessee, referring to paper book filed by the assessee submitted that the assessee has explained the source for cash deposit out of its receipts being, realization from sundry debtors before the date of demonetization and the same has been reported to the department in February, 2017 under compliance requirements for cash transaction, 2016. The learned counsel for the assessee, further referring to the letter dated 27.12.2019 filed before the A.O.

submitted that the assessee has furnished all details, including relevant cash book, showing availability of cash in hand of Rs.30,09,579/- on 08.11.2016 and the same has been deposited into the bank account during the demonetization period. The learned counsel for the assessee further submitted that, the assessee had also furnished statement showing account-wise sales and cash deposits and closing cash balance. From the details submitted by the assessee, it appears that, there is no deviation either in cash sales, cash deposits and closing cash balance held by the assessee in the month of November, 2016, when compared to earlier months. The A.O., without appreciating relevant facts simply made additions towards cash deposits. The Ld.CIT(A) without considering relevant facts, simply sustained additions made by the A.O. Therefore, he submitted that the additions made by the A.O. should be deleted.

7. Shri K.Vamsi Krishna, learned Sr.AR for the Revenue, on the other hand, supporting the order of the Ld.CIT(A) submitted that the assessee has not furnished any cash book and other details before the A.O., except stating that the source for cash deposits is out of realization from sundry debtors. The A.O., after considering the

relevant facts has rightly rejected the explanation of the assessee with regard to cash deposit into the bank account. Therefore, he submitted that there is no error in the reasons given by the Ld.CIT(A) to sustain the additions made by the A.O. and thus, the order of the Ld.CIT(A) should be upheld.

8. We have heard both the parties, perused the material on record and gone through the orders of the authorities below. There is no dispute with regard to the fact that the assessee has made cash deposit in SBNs on various dates starting from 10.11.2016 to 30.12.2016, totalling to Rs.26,33,500/-, The appellant explained the source for cash deposit into bank account during demonetisation period out of realization from sundry debtors. The A.O. had accepted the explanation of the assessee with regard to source to the extent of Rs.4,10,000/-, being the amount of cash deposited into bank account on 10.11.2016 and in respect of remaining cash deposits, starting from 11.11.2016 and upto 30.12.2016 for Rs.22,23,500/-. The A.O. has not accepted the explanation of the assessee on the ground that, the appellant cannot accept SBNs from 08.11.2016 onwards, either against sales or from sundry debtors. Except this

observation, the A.O. has not made any observation with regard to books of accounts submitted by the assessee, including cash book extract for the month of November, 2016, statement showing cash sales, cash receipts, cash deposits and closing cash balance submitted by the assessee for the entire financial year. The A.O. was only on the point that the appellant claims to have realized from sundry debtors, which is the source for cash deposit into the bank account and the same cannot be accepted, because the appellant is not supposed to accept SBNs after 08.11.2016. We find that nowhere, the appellant stated either before the A.O. or before the CIT(A) that he has received cash from sundry debtors after 08.11.2016. It is only the A.O. and CIT(A) presumed that the appellant has received cash in SBNs after 08.11.2016. Otherwise, evidences submitted by the assessee including relevant cash book extract for the month of November, 2016 clearly shows that the appellant was having sufficient cash in hand of Rs.30,09,578/- on 08.11.2016, which was carried forward from 01.11.2016, which is the source for cash deposited into bank account in SBNs on different dates. In our considered view, once the appellant has filed relevant evidences to prove that, he was having sufficient cash in hand before

the date of demontisation, then, the appellant is free to deposit said cash in hand available in SBNs after 09.11.2016 any date and upto 31.12.2016 as per the guidelines or notifications issued by the Government and RBI. Since the appellant has filed relevant evidences to prove availability of cash in hand as on 08.11.2016, which is sufficient to explain cash deposit of Rs.26,33,500/- into bank account during demonetization period, in our considered view, the A.O. ought not to have made additions of Rs.22,23,500/- u/s 69A of the Act. The Ld.CIT(A) without considering relevant facts simply sustained the additions made by the A.O. Thus, we set aside the order of the Ld.CIT(A) and direct the A.O. to delete the addition of Rs.22,23,500/- made towards cash deposit into the bank account during the demonetization period u/s 69A of the Act.

9. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the Open Court on 20th February, 2026.

<p>Sd/- (रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER</p>	<p>Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER</p>
--	---

Hyderabad,
Dated 20.02.2026.
L.Rama/sps

ITA No.1051/Hyd/2025
Devaraju Gajji

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

1.	निर्धारिती/The Assessee	:	Shri Devaraju Gajji, E-Block, Flat No.101, Aditya Empress Towers, Shaikpet Nala, Tollchowki, Golconda Post, Hyderabad
2.	राजस्व/ The Revenue	:	The Income Tax Officer, Ward-1, Warangal
3.	The Principal Commissioner of Income Tax, Hyderabad		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad