

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH “B” MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)
AND
MS. KAVITHA RAJAGOPAL (JUDICIAL MEMBER)**

**ITA No. 8597 & 8598/MUM/2025
Assessment Year: 2022-23 & 2023-24**

Nitinkumar Pravinchandra
Kacharia,
Unit No. 1811 One Lodha Place
Commercial, Senapati Bapat
Marg, Lower Parel, Delisle Road,
S.O. Delisle Road, S.O.,
Mumbai-400013.

PAN NO. AAQPK 8827 K
Appellant

Vs.

DCIT-Central Circle-5(2),
Kautilya Bhavan,
Mumbai-400051.

Respondent

Assessee by : Mr. Prateek Jain &
Ms. Khushali Desai
Revenue by : Mr. Swapnil Choudhari, Sr. DR

Date of Hearing : 18/02/2026
Date of pronouncement : 25/02/2026

ORDER

PER OM PRAKASH KANT, AM

These two appeals by the assessee are directed against a common order dated 31.10.2025 passed by the Ld. Commissioner of Income-tax (Appeals) – 53, Mumbai [in short ‘the Ld. CIT(A)’] for assessment year 2022-23 and 2023-24 respectively.



2. As common issue in dispute is involved in both these appeals, therefore, same were heard together and disposed off by way of this consolidated order for the sake of convenience.

3. Briefly stated, facts of the case are that the Assessee is an individual deriving salary income as a Director of M/s Anuj Electricals Pvt. Ltd. Following a search action under Section 132 of the Income-tax Act, 1961 ("the Act") in the case of M/s Polycab India Ltd., the Assessee was also covered. Pursuant to the search action, assessments u/s 147 r.w.s. 143(3) of the Act were passed in the case of the assessee for assessment years 2022-23 and 2023-24.

3.1 The Assessing Officer ("AO") observed cash deposits of **₹31,33,900/-** for A.Y. 2022-23 and **₹15,59,391/-** for A.Y. 2023-24. During the course of assessment proceedings, the source of such cash deposit was explained as out of accumulated savings family savings, gifts, and re-deposits of prior withdrawals made during the COVID-19 pandemic for medical contingencies. But the Assessing Officer summarily rejected the submission of assessee and concluded that assessee failed to explain satisfactorily as how much year-wise savings was done by the assessee and how much gift was received from particular relative.

4. On further appeal before the Ld. CIT(A), the assessee explained source of the cash deposits as earlier cash withdrawals and



accumulated saving made by the assessee and his family members including his son along with certain gifts received on various occasions such as birthday, anniversary etc. The assessee also explained that he was showing income of more than Rs.50,00,000/- in last five years. The assessee submitted that in assessment year 2018-19 income of Rs.2,54,40,525/-, in assessment year 2019-2020 income of Rs.94,56,130/-, in assessment year 2020-21 income of Rs.96,58,514/-, and in assessment year 2021-22 income of Rs. 1,67,58,530/- was reported under the income tax return but said contentions of the assessee was rejected by the AO.

4.1 Further, it was submitted by the assessee that in last two years i.e. financial year 2019-2020 and financial year 2020-21, the assessee and his son Shri Anuj Kacharia had made cash withdrawal aggregating to Rs.26,80,600/- due to ongoing uncertainty of Covid-19 prevailing at the time to meet any medical emergency in the family. The assessee provided year-wise details of the cash withdrawal by the assessee and his son. Accordingly, it was submitted that at the beginning of the assessment year under consideration it had sufficient excess balance available with him to deposit same in the bank account. It was submitted in the year under consideration that the assessee and his son has made cash withdrawal of Rs.10,94,000/- from the same bank account. It was submitted that considering opening cash balance of Rs.34,96,600/- comprising of Rs.10,00,000/- past savings and Rs.24,49,600/-



bank withdrawal made in the last two years, cash available with the assessee as on first day of the year along with current year's withdrawal, the assessee had sufficient cash balance with him to deposit the same into the bank account. The assessee filed a detailed chart of the deposits and withdrawals for the year under consideration for assessee as well as his son. Regarding the cash deposit of Rs.15,59,931/- in assessment year 2023-24, again the assessee explained that cash withdrawal made during the year under consideration along with cash withdrawal and saving of the earlier year, source of the cash deposit amounting to Rs.15,59,391/- stands explained.

4.2 But the Ld. CIT(A) after considering the submission of the assessee allowed relief to the extent of Rs.7,34,000/- in AY 2022-23 as cash deposit out of withdrawals made in the year under consideration and sustained addition to the extent of Rs.23,99,900/-. Similarly, in assessment year 2023-24 also the Ld. CIT(A) allowed relief of Rs.90,000/- and sustained the balance addition of Rs.14,69,939/- observing as under:

“14.4 It is submitted by the assessee that during the year under consideration, the assessee has made cash withdrawals of Rs.7,20,000/- and were claimed to be available as cash on hand which the assessee re-deposited as cash bank deposits during the year relevant to A.Y. 2023-24. However, on verification of the statement of Bank of Baroda and Bank of India of the assessee produced during the appellate proceedings, it is found that only Rs.90,000/- of actual cash withdrawals are verifiable from both banks of the assessee as detailed below:

Date	Bank Name	Amount	Remarks
------	-----------	--------	---------



11.4.2022	Bank of India	30,000	Self-withdrawal
02.05.2022	Bank of India	30,000	Self-withdrawal
02.06.2022	Bank of India	30,000	Self-withdrawal

14.5 It is, however, noted that the assessee had claimed total cash withdrawals of Rs.7,20,000/- from both banks. On verification, it is observed that the alleged additional withdrawals of Rs.6,30,000/- on various occasions from Bank of India till the date of cash deposit are not reflected in the bank statements of the assessee. Accordingly, the claim of total cash withdrawals of Rs.7,20,000/- is not fully verifiable, and only Rs.90,000/- is accepted as genuine cash withdrawals available for redeposit. Hence, the contention of the assessee that the entire Rs.7,20,000/- was available as cash for redeposit is not sustainable. It is also clarified that cash withdrawals made by the assessee's son cannot be linked to the assessee's deposits. Accordingly, only cash deposits to the extent of Rs.90,000/- are treated as explained, and the remaining cash deposits of Rs. 14,69,391/- (Rs.15,59,391 Rs.90,000) sustained as unexplained money u/s 69A of the Income-tax Act, 1961. Thus, addition of Rs. 14,69,391/- u/s 69 A of the IT Act is confirmed and the assessee gets partial relief of Rs.90,000/-

Accordingly, grounds of the appeal Partly allowed."

4.3 The Ld. counsel for the assessee filed a Paper Book containing pages 1 to 52.

5. We have heard rival submissions of the parties and perused the relevant materials on record. The core controversy lies in whether the lower authorities were justified in rejecting the "nexus" between past withdrawals and subsequent deposits. In assessment year 2022-23, the addition of Rs.31,33,900/- was made by the AO for want of source of cash deposits /-, out of which, the Ld. CIT(A) has already allowed relief of Rs.7,34,000/- leaving balance addition of Rs.23,99,000/-. Similarly, in assessment year 2023-24, the Assessing Officer made addition for the cash deposit amounting to



Rs.1,55,939/- out of which the Ld. CIT(A) has also deleted the amount of Rs.90,000/- leaving balance addition of Rs.14,69,391/-.

5.1 The Ld. CIT(A) has accepted the source of the cash deposit out of withdrawal made in the current years, but he has not considered withdrawal made by the assessee in financial year 2019-2020 and financial year 2020-21 i.e. immediately prior to the year under consideration. The assessee has explained salary income earned of more than salary income of Rs.2,54,40, 525/- in assessment year 2018-19; Rs.94,56,130/- in assessment year 2019-2020; Rs.96,58,514/- in assessment year 2020-21 ; Rs.95,45,619/- in assessment year 2021-22 and Rs.1,67,585/- in assessment year 2022-23, which is more than the enough to explain the withdrawal of Rs.2,68,06,600/- shown by the assessee in financial year 2019-2020 and financial year 2020-21 and family saving of approximately Rs.10,00,000/- in prior years.

5.2 Upon a careful scrutiny of the facts, we find that firstly, the Assessee has demonstrated a robust financial profile, reporting substantial returns in preceding years .The quantum of deposits is not disproportionate to the Assessee's documented standard of living and earnings. Secondly, the Assessee contended that cash was withdrawn in F.Y. 2019-20 and 2020-21 (totaling ₹26,80,600/-) to provide a liquidity cushion for medical emergencies during the COVID-19 pandemic. In the Indian socio-economic context, particularly for a taxpayer supporting elderly parents during a



global health crisis, such an explanation is not merely "plausible"—it is inherently probable. Thirdly, the Revenue's primary objection is that the Assessee failed to prove a one to one trail of the cash in hand. However, it is a settled principle of law that once a withdrawal from a known source (bank account) is established, the burden shifts to the Revenue to prove that such funds were utilized elsewhere. The Revenue cannot proceed on a purely suspicious footing or the presumption that cash withdrawn must be spent immediately.

5.3 The Revenue authorities have not been able to point out that said money withdrawn was used for any other purposes. Unless, the Revenue is able to establish that those withdrawals were used anywhere else, the contention of the assessee cannot be rejected merely on the basis of presumption by the Revenue Authorities. The Ld. CIT(A) erred in adopting a restrictive approach by ignoring the availability of cash from prior years and the cumulative family pool. In the absence of any evidence that the withdrawn cash was spent or invested elsewhere, the Assessee's explanation regarding the re-deposit of the same cannot be brushed aside as an afterthought.

5.4 The assessee relied on the decision of Bangalore Bench of the Tribunal in the case of Suthakar Selvaraj vs. ITO in ITA No. 1656/Bang/2025, wherein also similar explanation of the cash deposit made out of withdrawn was accepted by the Tribunal observing that there was no reason to disbelieve the explanation of



the assessee on the assumption that person drawing salary does not indulge in the habit of first unnecessary withdrawing money from the bank and then deposit the same after few days. The Tribunal observed that when there was no evidence that the amount of the cash withdrawn by the assessee was used for some other purposes and the amount of deposit made by the assessee was out of unaccounted income of the assessee, the cash deposit made was acceptable. The Tribunal further observed that there was not any adverse evidence and merely on basis of assumption and presumption, the addition of cash deposit could not have been sustained.

5.6 In our opinion, facts and circumstances in the case of the assessee for assessment year 2022-23 and 23-24 are identical to the decision in the case of Suthakar Selvaraj (supra), therefore, respectfully following the finding of the Co-ordinate Bench of the decision, we do not find any justification in the finding of the Ld. CIT(A) for sustaining the addition of Rs.23,99,900/- in assessment year 2022-23 and Rs.14,61,391/- in assessment year 2023-24. Accordingly, we find no legal or factual justification for sustaining additions of **₹23,99,900/-** (A.Y. 2022-23) and **₹14,69,391/-** (A.Y. 2023-24). The orders of the Ld. CIT(A) on these counts are set aside, and the additions are hereby deleted.

5.7 As the grounds challenging the validity of the assessment were not pressed, they are dismissed as infructuous.



6. In the result, both the appeals of the assessee are allowed partly.

Order pronounced in the open Court on 25/02/2026.

**Sd/-
(KAVITHA RAJAGOPAL)
JUDICIAL MEMBER**

**Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER**

Mumbai;
Dated: 25/02/2026
Rahul Sharma, Sr. P.S.

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,
(Assistant Registrar)
ITAT, Mumbai