

**IN THE INCOME TAX APPELLATE TRIBUNAL
'SMC' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No.2198/Bang/2025
Assessment Year: 2013-14

Rohit Pobbathi Ashok, No.283, Avenue Road, Bengaluru – 560 002. PAN – AAOPR 7961 H	Vs.	The Asst. Commissioner of Income Tax, Circle – 3(3)(1), Bengaluru.
APPELLANT		RESPONDENT

Assessee by	:	Shri H Guruswamy, ITP
Revenue by	:	Shri Ganesh R Ghale, Advocate – Standing Counsel for Revenue

Date of hearing	:	24.02.2026
Date of Pronouncement	:	26.02.2026

ORDER

PER WASEEM AHMED, ACCOUNTANT MEMBER:

The present appeal filed at the instance of the assessee directed against the order under section 250 of the Income Tax Act, 1961, (hereafter the Act) by the National Faceless Appeal Centre-NFAC (hereafter- Ld. CIT(A)) dated 13th August 2025 for the assessment year 2013-14.

2. The effective issue raised by the assessee is that the learned CIT(A) erred in confirming the addition of cash deposit of Rs. 12 Lakh without properly appreciating the explanation submitted and the details provided along with.

3. The facts in brief are that the assessee is an individual who, for the year under consideration, filed return for the first time in response to notice issued under section 148 of the Act declaring income from salary for Rs. 21,34,210/- after claiming certain deductions. During the assessment proceedings, the AO observed that during the year under consideration, the cash deposit for a sum of Rs. 12 lakhs were also made by the assessee in his bank account. On question by the AO, the assessee explained that the impugned cash deposit was made out of past saving.

3.1 However, the AO did not accept the assessee's explanation by holding the claim of the assessee for the cash deposit out of previous years saving is not verifiable from the return of income filed for earlier years. Hence, the AO treated the sum of Rs. 12 Lakh as unexplained cash under section 69A of the Act and added to the total income of the assessee.

4. The aggrieved assessee preferred an appeal before the learned CIT(A).

5. The assessee before the learned CIT(A) submitted that the addition of Rs. 12 lakhs made by the NFAC was not justified either on facts or in law. It was explained that the assessee was only a salaried employee and had no business activity. The returns of income for the earlier years as well as for the relevant assessment year were filed on the basis of Form 16 issued by the employer. There was no requirement under the Act for a salaried employee to disclose cash on hand in the return of income, nor was he required to maintain regular books of

account. Therefore, the observation of the NFAC that past savings were not verifiable from earlier ITRs could not be a valid ground to reject the explanation. The addition was made merely on presumption and without bringing any material evidence on record to show that the cash deposits represented undisclosed income. Reliance was placed on the judgment of the Hon'ble Karnataka High Court in the case of S.R. Venkataratnam vs. CIT (127 ITR 807), wherein it was held that if the Assessing Officer disbelieves the explanation regarding past savings, he must conduct further enquiry to disprove the same and cannot make an addition based on suspicion.

5.1 Without prejudice to the above, the assessee explained the complete source of the amount of Rs.12 lakhs deposited in the bank. It was submitted that the assessee had been paying maintenance amounts to his aged parents out of his salary over several years. A sworn affidavit of his father confirmed that from F.Y. 2008-09 to 2012-13, a total sum of Rs. 28,25,000 was received from the assessee. Out of these amounts, the parents had saved around Rs. 5 lakhs to meet medical emergencies and other needs. The father had also purchased a vacant site from the City Improvement Trust Board (later BDA) at Anjanapura, Bangalore, for Rs. 5,72,400, for which the assessee contributed Rs. 5 lakhs. This contribution was made partly out of a loan of Rs. 4,58,000 taken from Citi Bank and partly from his savings. The father and the assessee's wife stood as guarantors for the said loan. Copies of the affidavit, loan statement were furnished as annexures A & B.

5.2 It was further submitted that since the father was unable to repay the amount immediately, he later sold the vacant site on 30.04.2012 for

Rs. 49,50,000/-. Thereafter, he repaid the assessee in instalments. A sum of Rs.6 lakhs was paid in May 2012, Rs.3 lakhs in June 2012 and another Rs.3 lakhs in October 2012. All these amounts were deposited into the assessee's bank account. Thus, the aggregate sum of Rs.12 lakhs received by the assessee was fully explained as repayment by his father, sourced partly from earlier savings out of maintenance amounts and partly from sale proceeds of the site. The loan taken by the assessee was regularly repaid out of his salary income. Copy of sale deed was furnished as annexure-C.

5.3 The assessee submitted the addition was made only on suspicion that past savings were not reflected in earlier returns. In the absence of any independent enquiry or evidence to disprove the explanation, the addition of Rs. 12 lakhs was not sustainable and deserved to be deleted. However, the learned CIT(A) confirmed the addition made by the AO by observing as under:

4.5 After careful consideration of the facts of the case and appellant's submission, I find that the appellant has tried to explain the source as receipts from his father in cash from out of the amounts given by him earlier. No evidence, as well as no evidence of the sources in the hands of the father except the affidavit is adduced. This was not filed before the AO despite being asked. No details to explain the source were furnished before the AO. The appellant has not filed any application for admission of additional evidence as required under Rule 46A of the Income Tax Rules, 1962. No reasons have been given as to why the sources of the impugned cash were not explained to the AO. The explanation and the affidavit appears to be self-serving in absence of any independent corroborative evidence. Thus, on merits also, the explanation is not found convincing. Therefore, I do not find any infirmity in the action of AO and the addition of Rs. 12,00,000/- is confirmed. In the result the appeal is dismissed.

6. Being aggrieved by the order of the learned CIT(A), the assessee is in appeal before us.

7. The learned AR before us filed paper book running from pages 1 to 26. The learned AR argued that the addition was made mainly on the ground that the past savings could not be verified from earlier returns and that there was no documentary evidence except a general explanation. However, the assessee had furnished balance sheets as on 31-03-2011 and 31-03-2012 showing sufficient cash on hand of Rs. 16,65,758 and Rs. 19,72,590 respectively. These documents clearly demonstrated availability of cash and were placed on record.

7.1 The learned AR further submitted that the Id. CIT(A) dismissed the appeal mainly on the ground that the affidavit of the father was self-serving without properly appreciating the other documentary evidence. It was explained that the assessee, along with his wife and father, had taken a loan from Citibank for purchase of a site from BDA. The loan amount was directly paid to BDA through demand drafts. The loan was later repaid by the assessee from his own funds, and a loan closure letter was issued by the bank. Subsequently, the father sold the said property and repaid the assessee out of the sale proceeds. The father confirmed these facts through an affidavit.

7.2 In view of these facts, the learned AR contended that the source of the cash deposit of Rs.12 lakhs stood properly explained and that the addition was made merely on suspicion without any contrary material. Therefore, it was prayed that the addition be deleted.

8. On the other hand, the learned DR before us submitted that the assessee has not filed the supporting evidence except the affidavit which is nothing but the self-serving document. However, the learned DR fairly

agreed to set aside the issue to the file of the Id. CIT-A for fresh adjudication as per the provisions of law.

9. We have heard the rival conceptions of both the parties and perused the materials available on record. From the order of the learned CIT(A), it is evident that the addition has been confirmed primarily on the reasoning that no documentary evidence was furnished other than the affidavit of the father and that the same was not produced before the Assessing Officer. However, the records before us show that the assessee had claimed to have furnished various supporting documents such as balance sheets as on 31-03-2011 and 31-03-2012 showing availability of cash on hand, loan documents relating to the loan obtained from Citibank, sale deed of the property sold by the father, and other connected evidence.

9.1 Before us also, the learned AR has filed additional material in the form of copies of demand drafts issued for payment to BDA for purchase of the site, copy of the loan closure letter issued by the bank, copies of earlier years' returns and other relevant documents to substantiate the availability of funds and the movement of money. These documents go to the root of the matter and have a direct bearing on the explanation offered by the assessee regarding the source of cash deposit.

9.2 In our considered view, the learned CIT(A) has confirmed the addition mainly on the premise that there was no corroborative evidence apart from the affidavit. However, it appears that the assessee had in fact placed on record documents such as balance sheets, loan statements, sale deed and other related papers, the same ought to have

been examined and appreciated before arriving at a conclusion. The impugned order does not reflect any discussion or analysis of such documents. Therefore, the confirmation of the addition without examining the relevant materials cannot be sustained.

9.3 At the same time, since the matter requires verification of the documents now placed before us, including the demand drafts, loan closure statement, sale deed and earlier years' returns, we deem it appropriate, in the interest of justice, to set aside the impugned order of the learned CIT(A) on this issue and restore the matter to his file. The learned CIT(A) shall examine all the documents furnished by the assessee, both those already claimed to have been filed and those now produced and decide the issue afresh in accordance with law after giving reasonable opportunity of being heard to the assessee. Accordingly, the issue relating to addition of Rs.12 lakhs is set aside to the file of the learned CIT(A) for fresh adjudication. Hence the ground of appeal of the assessee is hereby allowed for statistical purposes.

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

Order pronounced in court on 26th day of February 2026

Sd/-

(KESHAV DUBEY)
Judicial Member
Bangalore
Dated, 26th February, 2026

Sd/-

(WASEEM AHMED)
Accountant Member

/ vms /

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore