

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“SMC” BENCH, AHMEDABAD**

**BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER AND  
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

**ITA No. 2427/AHD/2025  
Assessment Years: 2017-18**

Bhargeshkumar Bhagvatprasad Patel, C/o. Rameshwar Food Products, B. M. Estate, Nr. Darwaja Bhagol, at : Bhardan – 388530, Tal : Borsad, Dist : Anand Gujarat <b>[PAN – ATBPP3476D]</b>	Vs.	Income Tax Officer, Ward 1(3)(2), Petlad – 356068, Gujarat.
(Appellant)		(Respondent)
Assessee by	Shri M K Patel, Advocate	
Revenue by	Smt. Ananya Kulshresth, SR-DR	
Date of Hearing	07.04.2026	
Date of Pronouncement	21.04.2026	

**ORDER**

**PER NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER:**

This appeal is filed by the assessee against the order dated 03.11.2025 passed by Addl/JCIT(Appeal)-1 Chennai [hereinafter referred to as ‘Addl. CIT(A)’] for the Assessment Year (A.Y.) 2017-18 in the proceeding u/s. 143(3) of the Income Tax Act.

2. The brief facts of the case are that the assessee had filed his return of income for A.Y. 2017-18 on 29.12.2017 declaring income of Rs.7,28,990/-. The case was selected for limited scrutiny under CASS to

examine the cash deposits during demonetisation period. It was found that the assessee had made total cash deposit of Rs.14,94,000/- in his different bank accounts during the demonetisation period. The AO was not convinced with the explanation of the assessee regarding the source of the cash deposits. Accordingly, the entire cash deposit of Rs.14,94,000/- was held as unexplained and added to income. The assessment was completed u/s. 143(3) on 23.12.2019.

3. Aggrieved with the order of the AO, the assessee had filed an appeal before the first appellate authority, which was decided by the learned Addl. CIT(A) vide the impugned order and the appeal of the assessee was partly allowed.

4. Now the assessee is in second appeal before us. The following grounds have been taken in this appeal:

1. *That on facts, and in law, the learned Addl/JCIT(A)-1, Chennai has grievously erred in partly confirming the addition of Rs. 12,44,000/- (out of Rs. 14,94,000/-) made u/s 69A of the Act in respect of alleged unexplained cash deposited in appellant's bank account.*
2. *That on facts, in law, and on evidence on record, it ought to have been held that the source of entire cash deposit is duly explained, and entire addition of Rs. 14,94,000/- ought to have been deleted, as prayed for..*
3. *The appellant craves leave to add, alter, amend any ground of appeal.*

5. Shri M K Patel, the Ld. AR of the assessee, submitted that the assessee is a partner in Rameshwar Food Products which is engaged in sale of papad, mathiya, namkeen etc. and is also having agricultural income. Before the AO the assessee had explained that the cash deposits made during the demonetisation period were out of savings from withdrawal made from partnership firm, agriculture income of the

assessee, savings of assessee's wife and mother and also out of withdrawals made from the bank accounts. He explained that the assessee, in the month of August 2016, had made cash withdrawals from the bank accounts for the purpose of purchase of land, which did not materialise and, therefore, the cash amount withdrawn earlier was deposited in the bank account during the demonetisation period. Regarding the withdrawal from partnership firm also, the evidence was filed before the AO. The Ld. AR submitted that the AO was not correct in rejecting the evidences filed by the assessee without assigning any reason. He submitted that the Ld. CIT(A) too was not correct in ignoring the evidences brought on record and allowing relief to the assessee to the extent of Rs. 2,50,000/- only.

6. Per Contra, Smt. Ananya Kulshresth, the Ld. SR-DR, submitted that the assessee did not bring on record any evidence for land transaction for which the cash was withdrawn from the bank account. Regarding other explanations also, no evidence was brought on record. Therefore, the AO has rightly treated the cash deposits made in the bank account as unexplained.

7. We have considered the rival submissions. From the copy of return brought on record in the paper-book, it is found that the assessee derived share income from partnership firm, remuneration and interest income from the firm, interest income, other miscellaneous income as well as agricultural income. The explanation given by the assessee regarding the source of cash deposits of Rs. 14,94,000/- in his bank accounts during the demonetisation period was as under:

Saving out of partnership firm	2,45,000/-
Net Agricultural Income	2,49,000/-
Out of Wife's savings	1,25,000/-
Out of mother's savings	75,000/-
Withdrawals from bank during the year	8,00,000/-
Total	14,94,000/-

8. So far as savings out of partnership firm is concerned, a copy of partner's account in the firm has been brought on record from which it is found that the assessee had withdrawn Rs. 11,00,000/- during the year from the firm out of which Rs. 6,00,000/- was by way of cheque and the balance Rs.5,00,000/- was by cash. Considering this fact, the contention of the assessee that he had savings of Rs.2,45,000/- out of cash withdrawals made from the firm, is found to be acceptable. Similarly, the agricultural income disclosed by the assessee was already reflected in the income tax return and this fact was not disputed by the AO. Deposits of Rs. 1,25,000/- and Rs.75,000/- on account of past savings of wife and mother respectively, is also found to be reasonable and the AO was not correct in rejecting the same without assigning any reason. So far as withdrawal of Rs. 8,00,000/- from the bank account is concerned, this fact is evident from the bank statements, a copy of which has been brought on record in the paper-book. In fact, the AO also did not dispute the cash

withdrawals made mostly in the month of August 2016. Merely because no evidence for proposed purchase of land was brought on record, this does not negate the fact that the assessee had made withdrawals in excess of Rs.8,00,000/- from the bank accounts. Therefore, the explanation of the assessee that the cash withdrawals made earlier from the bank accounts in the month of August'16 were deposited in the bank account during demonetisation period, could not have been brushed aside. From the explanation and the evidences as brought on record, it is evident that the assessee had duly explained the source of cash deposits of Rs.14,94,000/- made in the bank account during the demonetisation period. Accordingly, the addition as made by the AO is deleted and the grounds as taken by the assessee are allowed.

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

**Order pronounced in the Court on 21/04/2026 at Ahmedabad.**

**Sd/-**  
**(SANJAY GARG)**  
Judicial Member

**Sd/-**  
**(NARENDRA PRASAD SINHA)**  
Accountant Member

**Dated – 21<sup>st</sup> April, 2026**

*Neelesh, Sr. PS*

*(True Copy)*

**आदेश की प्रतिलिपि अग्रेषित/ Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल / Guard file.

आदेशानुसार/BY ORDER,  
उप/सहायक पंजीकार (Dy./Asstt.Registrar)  
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad