

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES “SMC”, HYDERABAD
(Through Virtual Hearing)**

BEFORE SHRI LALIET KUMAR, JUDICIAL MEMBER

ITA No.241/Hyd/2024		
Assessment Year: 2017-18		
Venugopal Rao Lankalapally, H.No.3-145/3, Jaithapur, Yedpally, Nizamabad – 503202. Telangana. PAN : AIMPL2649E	Vs.	The Income Tax Officer, Ward – 3, Nizamabad.
(Appellant)		(Respondent)
Assessee by:	Shri S. Phanindra, Advocate.	
Revenue by:	Shri Mookambikeyan, Sr.AR	
Date of hearing:	02.04.2024	
Date of pronouncement:	02.04.2024	

ORDER

PER LALIET KUMAR, J.M.

The appeal of the assessee for A.Y. 2017-18 arises from the order of Commissioner of Income Tax (Appeals), Addl/JCIT (A), Udaipur dt.06.02.2024 invoking proceedings under section 144 of the Income Tax Act, 1961 (in short, “the Act”).

2. The grounds raised by the assessee read as under :

“ 1. On the facts and in the circumstances of the case, the order of the ld. CIT(A) is erroneous and unsustainable in law apart from being passed in violation of principles of natural justice. The Id. CIT.(A) failed to appreciate that none of the notices issued were served on the appellant as required under section 282 of the Act r.w.r 127 of the Rules, and therefore Appellant could not put forth his case.

2. The ld. CIT(A) erred in sustaining the addition made by the AO of unexplained money u/s.69A of the Act. The ld. CIT(A) failed to appreciate that the Appellant had explained the sources for the deposits to be of agricultural income, and filed copies of patta pass books & copies sale bills of paddy which the AO has not accepted.

3. The finding of the ld. CIT(A) that the Appellant had not furnished evidences either during assessment or appellate proceedings is incorrect.”

3. The brief facts of the case are that as per the information available in AIMS module of ITBA, cash deposits of Rs.11,08,310/- were made by the assessee in the bank accounts during the demonetization period. On the basis of such information, a notice u/s. 142(1) dated 12.03.2018 was issued and was duly served. Vide the notice u/s. 142(1), the assessee was asked to file the return of income for the AY 2017-18. However, the assessee failed to file the return of income. Thereafter, the case was taken up for scrutiny by initiating proceedings u/s. 144 of the IT Act, 1961.

3.1 During the course of assessment, assessee was asked to show cause as to why the total cash deposits should not be treated as unexplained credits in accordance with the provisions of the IT Act and as to why not the same be charged to income tax as assessee's income for the financial year 2016-17 relevant to

assessment year 2017-18. In response, the assessee vide the submissions e-filed has explained that all the cash deposits and other credits belong to agricultural income only. In support of the claim, the assessee furnished copies of the patta pass books standing in the name of self and family members. Moreover, the assessee submitted copies of sale bills of paddy, which are self made and are not convincing evidences. In view of the failure on the part of the assessee in substantiating the claims made with supporting evidences and thereby failed to explain the sources of cash deposits appearing in the bank accounts. Hence, all the cash deposits were treated as unexplained money u/s. 69A of the IT Act and are charged to income tax as income of the assessee for the assessment year 2017-18. Moreover, all such unexplained money was taxed under the provisions of section 115BBE of the IT Act, 1961. Accordingly, Assessing Officer has completed the assessment u/s 144 of the Act and passed assessment order on 02.12.2019.

4. Feeling aggrieved with the order of Assessing Officer assessee filed an appeal before the ld.CIT(A), who dismissed the appeal of assessee.

5. Before me, ld.AR has submitted that the cash deposits in question pertains to sale proceeds of agricultural land belongs to him and his family and to substantiate the same he has also filed pattadar pass books and other relevant documents as required by the Assessing Officer. The Ld. A.R. further submitted that the source of the cash deposits was well-documented and readily available on record. The ld. AR pleaded that considering the above

legitimate facts and circumstances, the addition of unexplained income was unwarranted and should be deleted.

6. Per contra, the ld. DR had relied upon the orders of lower authorities.

7. I have heard the rival contentions and perused the material on record. In the present case, the assessee is an agriculturist having source of income from agricultural produce and he has furnished the document showing the agriculture holding of 20 acres of land belongs to his wife and children. The assessee deposited the amount during the demonetization period, which included proceeds from the sale of agricultural produce from his agricultural land and also from the agricultural land belongs to the family and also some deposits from past savings in the bank account. However, the Assessing Officer has failed to take into consideration the above facts. Revenue has not been disputed about owning agriculture land by the assessee. It is quite fair to assume that the agricultural land must have yielded some produce and during the month of November, the assessee likely received some amount from the sale of agriculture produce. In view of the above facts and considering the other factors that allow any individual to deposit for a sum of Rs.2 lakhs in cash during the period of demonetization, I deem it appropriate to restrict the addition to a sum of Rs.2,00,000/-. Therefore, I grant a relief of Rs.4,76,000/- to the assessee. Accordingly, I hereby delete the addition of Rs.4,76,000/- and confirm the addition of Rs.2,00,000/-. Thus, the appeal of the assessee is partly allowed.

8. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the Open Court on 2nd April, 2024.

Sd/-
(LALIET KUMAR)
JUDICIAL MEMBER

Hyderabad, dated 2nd April, 2024.

TYNM/sps

Copy to:

S.No	Addresses
1	Venugopal Rao Lankalapally, H.No.3-145/3, Jaithapur, Yedpally, Nizamabad – 503202, Telangana.
2	The Income Tax Officer, Ward – 3, Nizamabad.
3	Prl.CIT, Hyderabad.
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order