

**आयकर अपीलीय अधिकरण “ए” न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“A” BENCH, CHENNAI**

**माननीय श्री महावीर सिंह, उपाध्यक्ष एवं**  
**माननीय श्री मनोज कुमार अग्रवाल, लेखक सदस्य के समक्ष।**  
**BEFORE HON’BLE SHRI MAHAVIR SINGH, VP AND**  
**HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

**आयकर अपील सं. ITA No.733/Chny/2024**  
**(निर्धारण वर्ष / Assessment Year: 2017-18)**

<b>Shri Gouthamchand Jain</b> Old No.19A, New No.36, Seethapathy Street, Madhavaram, Chennai – 600 060.	<b>बनाम/ Vs.</b>	<b>Income Tax Officer</b> Non-Corporate Ward 4(4), Chennai.
<b>स्थायी लेखासं./जीआइआरसं./PAN/GIR No. AAGPG-9423-K</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थी की ओर से/ <b>Appellant by</b>	:	Shri Prakash Jotwani (Advocate) - Ld.AR (present virtually)
प्रत्यर्थी की ओर से/ <b>Respondent by</b>	:	Shri AR.V.Srinivasan (Addl.CIT)-Ld. Sr. DR (present virtually)

सुनवाई की तारीख/ <b>Date of Hearing</b>	:	12-08-2024
घोषणा की तारीख / <b>Date of Pronouncement</b>	:	12-08-2024

**आदेश / ORDER**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2017-18 arises out of an order passed by learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] on 31-01-2024 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 143(3) of the Act on 12-12-2019. The sole grievance of the assessee is addition of Rs.28.57 Lacs which represent cash deposited by the assessee during demonetization period. The Ld. CIT(A)

has confirmed the impugned addition against which the assessee is in further appeal before us. Having heard rival submissions, the appeal is disposed-off as under.

### **Proceedings before lower authorities**

2.1 From the case records, it emerges that the assessee's case was scrutinized to examine the issue of cash deposited by the assessee during demonetization period. The assessee reflected income of Rs.43.17 Lacs. The source of the income was interest from Sundry Debtors and Bank interest. The Ld. AO called for various detail from the assessee to explain the source of cash deposit.

2.2 The assessee submitted that the deposits were sourced out of income of earlier years held as cash-in-hand. It transpired that the assessee maintained two bank accounts i.e., one with SBI and another with HDFC Bank. The assessee deposited Specified Bank Notes (SBNs) of Rs.28.57 Lacs during the period from 14-11-2016 to 28-12-2016 as tabulated in para-3 of the assessment order.

2.3 The assessee stated that he was filing income tax returns for the past 29 years and it had ample cash-in-hand to make the impugned deposits. The detail of income offered in earlier years was tabulated to support the submissions. The assessee reflected closing cash balance of Rs.9.68 Lacs as on 31-03-2015 and Rs.19.73 Lacs as on 31-03-2016. The Ld. AO rejected the explanation on the ground that cash-in-hand between 31-03-2015 and 31-03-2016 suddenly increased from Rs.9.68 Lacs to Rs.19.73 Lacs. The assessee is stated to have advanced loans and earned interest income. However, the debtors could not be verified by field inspector for want of complete details. In the said background, Ld. AO disbelieved the explanation of the assessee and added the

deposit so made by the assessee as unexplained investment u/s 69. The Ld. CIT(A) confirmed the same against which the assessee is in further appeal before us.

### **Our findings and Adjudication**

3. We have gone through various documents as placed before us in the paper-book. Upon perusal of assessee's financial statements, it could be seen that the assessee is engaged in the activity of money-lending for past several years. The financial statements for financial year 2012-13 onwards support this fact. The assessee has consistently shown interest income in the return of income which has been accepted in all the earlier years. For the financial year 2014-15, the assessee has shown closing cash-in-hand of Rs.9.68 Lacs and Sundry Debtors of Rs.16.70 Lacs. The assessee has reflected interest income of Rs.4.11 Lacs in this year. The return of income for this year has been filed on 08-08-2015 which is well before the announcement of demonetization on 08-11-2016. Therefore, the same could not be held to be mere after-thought on the part of the assessee. Similarly, for financial year 2015-16, the assessee has shown closing cash-in-hand of Rs.19.73 Lacs and Sundry Debtors of Rs.11.98 Lacs which has been carried forward in this year. The cash balance so available as well as realization from Sundry Debtors has been sourced to make impugned deposit in the bank account. FY 2015-16, the assessee has shown interest income of Rs.6.29 Lacs and similar income has been shown in this year also. The details of Sundry Debtors at year-end have also been placed on record. All these overwhelming documents support the case of the assessee that it had sufficient cash balance available with him to make impugned deposit, the source of which was explained by the assessee. The documents furnished by the assessee would lead

us to conclude that the claim of the assessee was backed up by sufficient documentary evidences and Ld. AO erred in rejecting the same. This being so, we delete the impugned addition and allow the corresponding grounds raised by the assessee. The Ld. AO is directed to re-compute the income of the assessee.

4. The appeal stand allowed in terms of our above order.

*Order pronounced on 12<sup>th</sup> August, 2024*

**Sd/-**  
**(MAHAVIR SINGH)**  
उपाध्यक्ष / **VICE PRESIDENT**

**Sd/-**  
**(MANOJ KUMAR AGGARWAL)**  
लेखा सदस्य / **ACCOUNTANT MEMBER**

चेन्नई Chennai; दिनांक Dated : 12-08-2024  
DS

**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Assessee
2. प्रत्यर्थी/Revenue
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF