



IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD “B” BENCH: HYDERABAD

BEFORE SHRI MANJUNATHA G, ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, JUDICIAL MEMBER

ITA.No.7/Hyd./2025
Assessment Year 2017-2018

Sowjanya Basi Reddy, PRODDUTUR. PAN AUAPB1448D	vs.	The Income Tax Officer, Ward-1, PRODDUTUR. Andhra Pradesh. PIN 516350
(Appellant)		(Respondent)

For Assessee :	CA K A Sai Prasad
For Revenue :	Shri D. Praveen, Sr. AR

Date of Hearing :	08.05.2025
Date of Pronouncement :	08.05.2025

ORDER

PER MANJUNATHA G. :

This appeal has been filed by the Assessee-against the order dated 17.10.2024 of the learned CIT(A)-National Faceless Appeal Centre [in short the “NFAC”] Delhi, relating to the assessment year 2017-2018.

2. At the very outset, there is a delay of 02 days in filing the appeal before the Tribunal. The assessee has

explained the reasons. We are satisfied with the reasons furnished by the assessee and, therefore, condone the delay of 02 days in filing the appeal before the Tribunal and proceed for adjudication.

3. Brief facts of the case are that, the assessee is an individual and filed her return of income for the assessment year 2017-2018 on 13.12.2017 admitting total income of Rs.3,25,260/- and agricultural income of Rs.1,51,450/-. The case was selected for scrutiny under CASS on verification of substantial cash deposits into bank account during the demonetisation period. During the course of assessment proceedings, the Assessing Officer noticed that, the assessee has deposited Rs.16,20,000/- in bank account no.xxxx6986 and Rs.2 lakhs in another bank account no.xxxx7043 held with Axis Bank, Proddutur. The Assessing Officer called-upon the assessee to explain the source. In response, the assessee submitted that, the cash deposited into bank account is out of sale proceeds of Rs.21,74,500/- received towards sale of agriculture land on 17.03.2016. The assessee further contended that, she has received cash

in the month of April, 2016. The Assessing Officer after considering the relevant submissions of the appellant, accepted the source for cash deposited into bank accounts. However, made addition of Rs.21,74,500/- under section 269SS of the Income Tax Act 1961 [in short “the Act”].

4. The assessee challenged the addition made by the Assessing Officer before the learned CIT(A) and the learned CIT(A) confirmed the addition made by the Assessing Officer. The assessee filed further appeal before the Tribunal. Thereafter, the case was subjected to sec.263 revision proceedings and the learned PCIT passed order under section 263 of the Act dated 28.03.2022 and directed the Assessing Officer to verify the source for cash deposit. The Assessing Officer has taken-up assessment proceedings in pursuance to the directions of the learned PCIT under section 263 of the Act dated 28.03.2022 and completed the assessment vide order dated 19.03.2023 passed under section 144 r.w.s.263 of the Act and made addition of Rs.18,20,000/- under section 69A of the Act as unexplained money towards cash deposited into bank accounts on the

ground that, the explanation of assessee with regard to source of cash deposit that, out of sale consideration received on 17.03.2016 he has deposited cash into bank accounts in the month of November 2016, cannot be accepted. Once again the assessee filed appeal before the learned CIT(A), but, could not succeed. The learned CIT(A) for the reasons stated in the appellate order, sustained the addition made by the Assessing Officer.

5. Aggrieved by the order of the learned CIT(A), the assessee is now in appeal before the tribunal.

6. CA K A Sai Prasad, Learned Counsel for the Assessee referring to the assessment order passed by the Assessing Officer under section 143(3) of the Act, dated 25.02.2019 submitted that, right from the very beginning the assessee explained the source of cash deposit, out of sale consideration received on sale of agriculture land. Further, the Assessing Officer has considered the source and has not made any addition towards cash deposit, but, made addition of Rs.21,74,500/- under section 269SS of the Act, for accepting cash for sale of agriculture land. The

Counsel for the Assessee, further referring to Form no.4 issued by the Designated Authority under sections 92 and 93 of the Direct Tax Vivad Se Vishwas Scheme, 2024 submitted that, the assessee has settled the dispute with regard to addition made by the Assessing Officer towards cash received on sale of agriculture land under section 269SS of the Act and paid relevant taxes. Therefore, once again burdening with tax on the very same addition by the Assessing Officer under section 69A of the Act amounts to double addition. Therefore, he submitted that, the addition made by the Assessing Officer should be deleted.

7. Shri D. Praveen, Sr. AR for the Revenue, on the other hand, supporting the order of the CIT(A) submitted that, the addition under section 269SS and addition under section 69A are separate additions. Therefore, once the appellant settled the dispute for earlier assessment year in respect of addition made under section 269SS, it cannot be said that, there is no scope for the Assessing Officer to make addition under section 69A of the Act, when appellant failed to explain source for cash deposit. Since the explanation

with regard to source for cash deposit is not bonafide and acceptable, the Assessing Officer has assessed the cash deposit as unexplained money under section 69A of the Act and, therefore, the order of both the authorities should be upheld.

8. We have heard both the parties, perused the material on record and gone through the orders of the authorities below. There is no dispute with regard to the fact that, the appellant from the very beginning including from the date of original assessment proceedings initiated under section 143(3) of the Act, claims the source for cash deposited into bank accounts is, out of sale consideration received from sale of agricultural land. In fact, the Assessing Officer has accepted the explanation of appellant with regard to source for cash deposited into bank accounts and has not made any addition under section 69A of the Act. Although, the Assessing Officer has made addition towards cash consideration for violation of section 269SS of the Act, but, the fact remains that, once the Assessing Officer has accepted the source for cash deposit, then, it is

undisputedly clear that, the appellant is having sufficient source to explain the cash deposited into bank account. Therefore, once again assessing the said cash deposit under section 69A of the Act on the ground that, there is a time gap of more than 10 months between sale of agriculture land and cash deposit into bank accounts, is totally incorrect and cannot be accepted. Further, the appellant had already settled the dispute with regard to addition made under section 269SS of the Act under Direct Taxes Vivad Se Vishwas Scheme, 2024 and paid due taxes. Therefore, once again making addition on very same amount under section 69A of the Act amounts to double addition on very same income. Once the Assessing Officer has accepted the claim of the appellant that, he has received sale consideration in cash and also levied tax under section 269SS of the Act, in our considered view, the source available with the assessee should be accepted for source of cash deposited into bank accounts. Since the Assessing Officer and the learned CIT(A) has not made-out a case that, the cash available with the assessee was out of sale consideration received from sale of

agriculture land or has been utilised elsewhere for any other purpose, in our considered view, the explanation of the appellant with regard to source of cash deposited into bank accounts should be accepted. The Assessing Officer and the learned CIT(A) without appreciating the relevant facts have sustained the addition towards cash deposited into bank accounts under section 69A of the Act. Thus, we set aside the order of the learned CIT(A) and direct the Assessing Officer to delete the addition made under section 69A of the Act towards cash deposited into bank accounts.

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

Order pronounced in the open Court on 08.05.2025.

Sd/-
[RAVISH SOOD]
JUDICIAL MEMBER
Hyderabad, Dated 08th May, 2025
VBP

Sd/-
[MANJUNATHA G]
ACCOUNTANT MEMBER

Copy to

1.	Sowjanya Basi Reddy, C/o. Katrapati & Associates, 1-1-298/2/B/3, Sowbhagya Avenue Apts, 1 st Floor, Ashok Nagar, Street No.1, Hyderabad – 500 020.
2.	The Income Tax Officer, Ward-1, O/o. ITO, Vasanthapeta, PRODDUTUR. Andhra Pradesh. PIN 516350
3.	The DR ITAT “B” Bench, Hyderabad.
4.	Guard File.
5.	Pr. CIT, Kurnool.

//By Order//

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