



**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'SMC': NEW DELHI**

**BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No.3240/DEL/2024  
(Assessment Year: 2017-18)**

Mohd. Imran,  
House No.6342, Sadar Bazar,  
Delhi – 110 006.

vs.

Assessing Officer,  
Ward 69 (2), Delhi.

**(PAN : AAYPI0537J)**

**(APPELLANT)**

**(RESPONDENT)**

ASSESSEE BY : Shri Adil Mahmood, CA  
Shri Tariq Nafees, Advocate  
REVENUE BY : Shri B.S. Anand, Sr. DR

Date of Hearing : 06.03.2025  
Date of Order : 30.04.2025

**ORDER**

1. This appeal is filed by the assessee against the order of Id. Commissioner of Income-tax Appeals/National Faceless Appeal Centre (NFAC), Delhi (for short 'Id. CIT (A)') dated 24.05.2024 for Assessment Year 2017-18.
2. Brief facts of the case are, assessee filed its return of income declaring income of Rs.7,59,860/-. The case was selected for limited scrutiny through CASS for the reason large value of cash deposited during demonetization period. Accordingly, notices under section 143(2) and 142(1) of the Income-tax Act, 1961 (for short 'the Act') were issued and served on the assessee. During assessment proceedings, the AO observed

that as per the information available, the assessee has made total cash deposit of Rs.23,22,500/- during demonetization period from 08.11.2016 to 31.12.2016 in his various bank accounts maintained by him. A show-cause notice was issued to the assessee to justify the cash deposit made during the demonetization period. In response, assessee has submitted the details of cash deposit made by him and it was submitted that assessee has withdrawn cash during three financial years i.e. Financial Years 2014-15 to 2016-17. The AO rejected the same for the reason that no sufficient evidences were submitted to justify the above claim and he also observed that assessee has withdrawn only Rs.24,000/- during the financial year and on period of demonetization itself. Therefore, the claim of the assessee cannot be accepted and accordingly, he proceeded to make the addition u/s 69A of the Act to the extent of Rs.21,22,000/- after giving concession of Rs.2,00,000/- for his household expenditure.

3. Aggrieved with the above order, assessee preferred an appeal before the Id. CIT (A). Before Id. CIT (A), it was submitted that assessee is an individual and drawn salary income from his teaching services. Assessee has declared income of salary continuously over the years and maintained his salary account with State Bank of India. The assessee has withdrawn the whole salary as soon as the salary credited in his bank account. He himself spent his daily expenses out of the same. He kept all the cash

with him. Due to announcement of demonetization, assessee has no option but to deposit the accumulated cash held by him. In support of the same, assessee has submitted bank statement along with cash flow statement of five years and relied on several decisions. After considering the above submissions, Id. CIT (A) considered the cash withdrawals of three assessment years, viz., 2015-16, 2016-17 and 2017-18 of Rs.4,07,000/-, Rs.3,58,000/- and Rs.4,06,000/- respectively and gave a partial relief by observing as under :-

“6.1 During the course of appellate proceedings, the submission of the appellant and the assessment order dated 18.12.2019 have been perused and found that the appellant had received salaries in his bank account followed by cash withdrawals and it is a pattern of such withdrawals which has been observed from the Bank statements therefore the contention of the appellant prima facie appears to be valid but the appellant has submitted cash flow statement of some quite old years as well and hence all the cash flow statements cannot be accepted in toto. Further, the A.O. had not established any other occupation from where appellant had earned income during the year under consideration and had allowed Rs.2,00,000/- on estimate basis. Therefore, in view of the above facts ad in the fitness of things It would be reasonable to allow the cash withdrawal made by the appellant during the A.V. 2017-18 till 07.11.2016, A.Y. 2016-17 and A.Y. 2015-16 after considering household expenses as acceptable source of cash deposits to that extent. The A.O. is therefore directed to consider the following withdrawals as sufficient proof for cash deposits and after considering the household expenses the relief allowed is as under:

S.No.	A.Y.	Cash withdrawal (Rs.)	Claimed household expenses (Rs.)
1	2017-18	4,06,000	1,77,156
2	2016-17	3,58,000	161,051
3	2015-16	4,07,000	1,46,410

4. Aggrieved with the above order, assessee is in appeal before us raising following grounds of appeal :-

- “1. That the learned CIT (A) erred in confirming the addition of Rs.14,36,117 out of total additions of Rs.21,22,500/- made by rho AO on account of unexplained money.
  2. That the learned CIT(A has wrongly upheld the addition made by the AO on account of unexplained money without considering the cash flow statements submitted by the appellant.
  3. That the learned IT(A acknowledged that the pattern of cash withdrawals followed by deposit. into the appellant's bank account support the appellant's claim that these deposits are from legitimate sources, specifically salary withdrawals. The contention of the appellant regarding the validity of the deposits was prima facie accepted based on the bank statements reviewed.
  4. That the learned CIT( ) did not accept all cash flow statements in their entirety, particularly those from older years indicating a selective validation of the appellant's claims.
  5. That the learned CIT(A) one side allowed the deposits out of cash withdrawals made during the assessment years 2015-16, 2016-17, and 2017-18 (up to 07.11.2016) whereas on the other hand the deposit made of withdrawals of previous years such as assessment year 2010-11 to 2014-15 has not considered.
  6. That the learned CIT(A) failed to appreciate the evidence and submissions provided by the assessee in their proper perspective, therefore, the order of the learned CIT (A) is contrary to the facts and circumstances of the case and bad in law.”
5. At the time of hearing, Id. AR of the assessee brought to our notice relevant facts on record and submitted that assessee following the Muslim faith and the salary income credited in his bank account are religiously being withdrawn and he kept all the cash with himself and he does not believe in maintaining bank account for the religious reasons. He maintained all the cash with himself out of salary income. He submitted that Id. CIT (A) has considered enough to consider only cash withdrawals of last three years and Id. CIT (A) also observed that AO has not brought

on record any other income of the assessee. He submitted that Id. CIT(A) has considered the cash withdrawal of only three years whereas assessee has accumulated this cash only out of cash withdrawals and maintained the abovesaid cash by himself. Therefore, as per the facts available on record, assessee habitually withdraws all his salary and maintained his cash withdrawals with himself. It is not proper to consider only three years and whatever cash held by him is out of his own salary savings and prayed that the whole deposit may be considered as genuine out of proved source of income.

6. On the other hand, Id. DR of the Revenue submitted that Id. CIT (A) has considered the facts on record and already given sufficient relief to the assessee and supported the findings of the Id. CIT (A).
7. Considered the rival submissions and material on record. I observed that assessee is a salaried employee earns the income from teaching services. As per the facts available on record, assessee habitually withdraws all the cash out of salary credited in his bank account. He maintained withdrawals with himself due to his religious belief. I observed that Id. CIT (A) has considered the facts available on record and he has given relief only to the extent of cash withdrawals of last three assessment years. I also observed that there is no other source of income unearthed by the tax authorities. Therefore, whatever the cash withdrawals by the

assessee is only out of salary income and it is also observed that assessee has only withdrawn from the bank out of the salary income and made the deposit only during demonetization period due to declaration of demonetization during current assessment year. That being the case the cash deposit made by the assessee only from his declared source of income i.e. salary income. Since there is no other source of income brought on record, therefore, there is no other source for the assessee to earn to deposit the said cash. Therefore, I am inclined to allow the claim of the assessee considering the religious belief and also there is no other source of income or ability to make additional income brought on record by the tax authorities. Accordingly, grounds raised by the assessee are allowed and addition made by the AO is also deleted.

8. In the result, the appeal filed by the assessee is allowed.

**Order pronounced in the open court on this 30<sup>th</sup> day of April, 2025.**

**Sd/-  
(S. RIFAUR RAHMAN)  
ACCOUNTANT MEMBER**

**Dated: 30.04.2025  
TS**

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals).
5. DR: ITAT

**ASSISTANT REGISTRAR  
ITAT, NEW DELHI**