

**IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, MUMBAI
BEFORE SHRI PAWAN SINGH, JUDICIAL MEMBER
ITA No. 7324/MUM/2025 (AY: 2023-24)
(Physical hearing)**

Shrenik Manish Mehta D 85, 3 rd Flt Dallas Building, GyanMandir road, Shivaji Park, Bhawani Shankar Road, S.O., Mumbai, Maharashtra – 400028. [PAN : AIZPM1937B]	Vs	ITO, Ward-22(3)(6), Mumbai, Piramal Chamber, Dr. S.S. Rao, Marg, Mumbai, Maharashtra – 400012.
Appellant / Assessee		Respondent / Revenue

Assessee by	Ms. Kinjal Bhuta, Advocate
Revenue by	Shri Rajesh Sakhardande, Sr. DR
Date of Institution	13.11.2025
Date of hearing	21.01.2026
Date of pronouncement	06.04.2026

Order under section 254(1) of Income Tax Act

PER PAWAN SINGH, JUDICIAL MEMBER;

1. This appeal by assessee is directed against the order of Id. CIT(A)/NFAC dated 10.09.2025 for Assessment Year (AY) 2023-24. The assessee has raised following grounds of appeal:

"Additional legal ground:

The Ld. Commissioner of Income Tax (Appeals)-NFAC erred in not appreciating the fact that the notice u/s. 143(2) of the Income Tax Act, 1961, was issued without adhering to the CBDT Circular F.no. 225/157/2017/ITA.II dated 23/06/2017, which is binding on the Assessing Officer. That the said notice is invalid, and the assessment framed pursuant thereto is void ab initio and ought to be quashed

Without Prejudice to the above,

1. The Ld. Commissioner of Income Tax (Appeals)-NFAC erred in confirming the addition of Rs. 13,95,020/-u/s. 69A of the Income-tax Act, 1961 without appreciating the factual matrix of the case and the submissions made by the appellant. That the addition made is based on conjectures, surmises and ought to be deleted.

2. The Ld. Commissioner of Income Tax (Appeals)-NFAC erred in confirming the addition of Rs 13,95,020/-w/s. 69A of the Income-tax Act, 1961, alleging the credit card payments as unexplained by enquiring the source of source and that such action is beyond contours of section 69A of the Income Tax Act, 1961. That the said addition is illegal, void and bad in law and ought to be deleted.

3. The appellant craves leave to add, amend, alter, or delete any of the above grounds of appeal.”

2. Brief facts of the case are that assessee is an individual and filed his return of income for A.Y. 2023-24 on 11.07.2023 declaring total income of Rs. 6,30,820/-. The case was selected for scrutiny on the ground that assessee has shown large cash payment made for credit card purchases. During the assessment, the assessing officer (AO) noted that assessee has made payment of credit card of Rs. 27,65,834/-, out of which Rs. 13,95,020/- was made cash. The assessing officer further noted that in respect of payment of Rs. 13,95,020/-, the assessee filed affidavit of his parent and wife wherein he claimed that amount of Rs. 15,50,000/- was paid in cash by his family members, out of which Rs. 8,00,000/- by his father, Rs. 4,50,000/- by his mother and Rs. 3,00,000/- by his wife for personal use on account of love and affection. The assessing officer was not satisfied with the explanation offered by assessee and asked to furnish verifiable evidence to substantiate its claim and that affidavit do not constitute conclusive proof of source of fund. The onus is on the assessee to prove that his parents are actually earning. The AO recorded that no attempt was made by assessee to show the earning of his parent. So far as credit in the bank account of assessee, wife of assessee is concerned such credit

is from the assessee's own account. The assessing officer, thus, not accepted the explanation furnished by assessee and the cash payment of Rs. 13,95,020/- was treated as unexplained money under section 69A. Aggrieved by the additions in the assessment order, the assessee filed appeal before Id. CIT(A). Before Id. CIT(A), the assessee made similar submission. The Id. CIT(A) confirmed the action of assessing officer by taking view that the Id. CIT(A) confirmed the action assessing officer by taking view that assessee could not produce any evidence about the business of mother, father and wife of assessee. The credit in the wife of assessee from the assessee's account. The explanation regarding receipt of cash from family member is difficult to believe. No return of income is filed by all three family members. There is no evidence existence of business of all three family members. Further, aggrieved the assessee has filed present appeal before Tribunal.

3. I have heard the submission of learned Authorised Representative (Id. AR) and the learned Senior Departmental Representative (Id. Sr. DR). The Id. AR of the assessee submits that AO made addition on account of credit card payment in cash. The assessing officer made addition by holding nature and source of cash deposit to the extent of Rs. 13,95,020/- was not established. The assessee right from the beginning stated that source of cash deposited was from mother, father and wife of assessee. Father was doing the business of sales of agarbatti, mother was taking tuitions classes and selling homemade eatable items and wife of assessee was in the consultancy business. The assessee

furnished affidavit of all three members. To substantiate the cash receipt from father, the assessee furnished affidavit, ITR and bank statement. Similarly, from mother, the assessee furnished affidavit confirmation ITR and bank statement. Similar document of wife was also furnished. The father was earlier in the business of transport wherein he suffered huge business losses. Thus, he discontinued such business. The assessee was required to various small loans from banks. The mother and wife of assessee of assessee is also filing regular return of income showing their independent source of income. Thus, the assessee has substantiated source of cash deposit.

4. On the other hand, the Id. Sr. DR for the revenue supported the order of lower authorities. The Id. Sr. DR submits that assessing officer has rejected the evidence in the form of affidavit. There was no such source of income for giving such cash gift to the assessee by either of the family members. Thus, the assessee failed to substantiate capacity of cash gift by family members.
5. I have considered the rival submissions of both the parties and have gone through the orders of lower authorities carefully. I have also gone through various documentary evidences filed by assessee which includes affidavits, the copy of confirmation of gift, income tax return with profit and loss account of mother, father and wife of assessee. The assessee has also filed bank statement of all three family members of assessee. On perusal of ITR of Manish Anup Chand Mehta, father, I find that in A.Y. 2023-24, while filing return of income he has shown return

of income of Rs. 4,83,170/-. In the affidavit, he has stated that he has provided cash of Rs. 8,00,000/- to his son. His income during the F.Y. 2021-22 & 2022-23 were of Rs. 2,94,180/- Rs. 4,83,170/- respectively. Similarly, mother of assessee namely Vidya Manish Mehta in his affidavit stated that she has earned Rs. 2,47,690/- Rs. 3,18,940/- in F.Y. 2020-21 & 2022-23 respectively from sale of small eatable items to home makers and women in the community. Similarly, wife of assessee in her affidavit submitted that she has earned Rs. 5,18,060/- & Rs. 4,55,810/- during F.Y. 2021-22 & 2022-23 from commission and professional income. All three family members are filing return of income. From the perusal of bank statement of Meghna Mehta, wife of assessee, I find that there is regular from Novshakti Security Force and Armour Security and various other entities. She has filed return of income by showing professional income under section 44ADA, thus, cash gift of Rs. 3,00,000/- given by Meghna S. Mehta is reasonably explained and accordingly, deleted. So far as gift from Vidya Mehta (mother) is concerned. She has shown gift of Rs. 4,50,000/-. Perusal of bank statement for relevant financial year shows that she is regularly getting some certain credit in her bank account by way of UPI credit. No doubt certain credit entry are from bank account of assessee. Thus, regular credit in the bank account of mother is also shows some systematic activity, therefore, entire cash gift cannot be treated as unexplained. Considering the amount of return of income is very meager therefore 50% of cash gift is accepted as reasonable one.

Thus, further relief of Rs. 2,25,000/- is allowed to the assessee. So far as cash gift from father is concerned who has given Rs. 8,00,000/- to the assessee. Father (Manish Mehta) is maintaining separate bank account in NKGSB Co-operative Bank, Dadar. Bank statement shows that there are regular debit and credit entry. No doubt that some of the debit or credit relates to family members. Hence, it can safely be concluded that Manish A. Mehta is also engaged in some systematic business activities. Thus, 50% of cash gift from father is also acceptable. In the result, out of total addition, Rs. 4,00,000/- + Rs. 2,25,000/- & Rs. 3,00,000/- are deleted and remaining of Rs. 4,70,000/- is confirmed. Thus, the ground of appeal raised by the assessee is partly allowed.

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

Order pronounced in the open court on 06/04/2026

Sd/-
(PAWAN SINGH)
JUDICIAL MEMBER

Mumbai, Dated: 06/04/2026
Biswajit

Copy of the order forwarded to:

- (1) The Assessee;
- (2) The Revenue;
- (3) The PCIT / CIT (Judicial);
- (4) The DR, ITAT, Mumbai; and
- (5) Guard file.

By Order

Assistant Registrar
ITAT, Mumbai