

IN THE INCOME TAX APPELLATE TRIBUNAL

"H (SMC)" BENCH, MUMBAI

BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER

SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER

ITA No. 8620/MUM/2025
(Assessment Year :2017-18)

Sabrunnisa Israr Ahmad Shaikh

928/I, Ansar Apartment,

New Gauripada, Vidyashram Post Office,

Bhiwandi, Mumbai- 421305

PAN: AUSPS3051R

..... Appellant

v/s

ITO Ward 1(1), Kalyan

Mohan Plaza, Wayale Nagar, Khadak Pada,

Kalyan West, Bhiwandi, Mumbai- 421301

..... Respondent

Assessee by : Ms. Deepa Khare, Adv.

Revenue by : Shri Pravin Salunkhe, Sr. DR

Date of Hearing – 03/02/2026

Date of Order - 11/02/2026

ORDER

PER SANDEEP SINGH KARHAIL, J.M.

The assessee has filed the present appeal against the impugned order dated 17/10/2025, passed under section 250 of the Income Tax Act, 1961 (*"the Act"*) by the learned Additional/Joint Commissioner of Income Tax (Appeals)-4, Chennai, [*"learned Addl./Joint CIT(A)"*], for the assessment year 2017-18.

2. In this appeal, the assessee has raised the following grounds: –

"1) That on the facts and in the circumstances of the case and in law, the learned CIT(A) erred in confirming the addition of ₹12,00,000/- made by the

Assessing Officer under section 69A of the Income-tax Act, 1961 treating the cash deposited during the demonetisation period as unexplained, without appreciating the detailed explanation and supporting facts submitted by the appellant.

2) That the learned CIT(A) erred in law and on facts in rejecting the explanation that the impugned cash deposit represented the appellant's accumulated past savings, despite the appellant being a regular income tax filer since AY 2002-03 with stable declared income from machinery rent and other sources."

3. The solitary grievance raised by the assessee is against the addition of INR 12 lakhs made under section 69A of the Act, treating the cash deposited during the demonetisation period as unexplained.

4. We have considered the submissions of both sides and perused the material available on record. The brief facts of the case are that the assessee is an individual and for the year under consideration filed her return of income on 02/10/2017, declaring a total income of INR 2,39,830. The return filed by the assessee was selected for limited scrutiny under CASS for examination of substantial cash deposits during the demonetisation period, as compared to the returned income. Accordingly, statutory notices under section 143(2) and section 142(1) of the Act were issued and served on the assessee. During the assessment proceedings, the assessee uploaded a copy of the capital account, balance sheet as on 31/03/2016 and 31/03/2017, and computation of income for the assessment year 2017-18, to substantiate the source of cash deposited during the demonetisation period. From the details furnished by the assessee, it was observed that the assessee had interest income and rental income from machinery, plants and buildings amounting to INR 2201 and INR 2,52,000, respectively, during the year under consideration. It was further noticed that the assessee did not

have a sufficient cash balance to make the deposit of INR 12 lakh in the Specified Bank Notes ("SBN") during the demonetisation period. Accordingly, vide order dated 26/12/2019 passed under section 143(3) of the Act, the Assessing Officer ("AO") held that the assessee has failed to substantiate the source of cash of INR 12 lakh deposited during the demonetisation period. As the assessee during the assessment proceedings offered INR 2,27,332 for taxation under the head "*income from other sources*" for the year under consideration, the AO restricted the addition only to an extent of INR 9,72,668 under section 69A of the Act, on account of the cash deposited during the demonetisation period by treating the same as income from undisclosed sources.

5. The learned CIT(A), vide impugned order, dismissed the appeal filed by the assessee on this issue and held that the total income for the past three years preceding the demonetisation period is very minimal compared to the cash deposited by the assessee. Thus, the learned CIT(A) held that considering that the assessee would have incurred expenditure towards household and other personal expenses, it is not possible for the assessee to deposit INR 12 lakh during the demonetisation period in cash. Being aggrieved, the assessee is in appeal before us.

6. During the hearing, the learned Authorised Representative ("*learned AR*"), by referring to the submissions made by the assessee before the learned CIT(A), submitted that the assessee earns her income from two properties and her husband also runs a sweet shop. The learned AR submitted that the opening balance of cash, as on 01/04/2016, was INR

13,58,261, and out of the said amount, the assessee deposited INR 12 lakh in her bank account during the demonetisation period. In this regard, the learned AR referred to the following cash flow statement, which is also reproduced on pages 2 and 3 of the learned CIT(A) order: -

AY	ITR/Date of Filing	Income	Tax	Cash Balance
2011-12	ITR-2	232241	2060	404046
	10.02.2013			
2012-13	ITR-2	232603	1870	512378
	10.02.2013			
2013-14	ITR-2	256827	3040	644714
	29.03.2014			
2014-15	ITR-2	268828	2140	815117
	25.03.2015			
2015-16	ITR-2	376164	8520	1067450
	24.03.2016			
2016-17	ITR-2	424345	15970	1358261
	28.03.2017			
2017-18	ITR-2	274501	NIL	315110
	02.10.2017			
Opening Balance for the year ended 31.03.2016				1358261
Add income				252000
				1610261
Less:				
Withdrawal				95151
Cash Deposit				1295151
				315110

7. Having considered the submissions of both sides and perused the material available on record, we find that the lower authorities have not taken into account the cash flow statement produced by the assessee. It is further evident that no verification/enquiry was made by any of the lower

authorities regarding the cash balance as on 01/04/2016, as per the cash flow statement. Therefore, in view of the facts and circumstances of the present case, we are of the considered view that all the submissions and documents furnished by the assessee before the lower authorities have not been properly examined. Accordingly, in the interest of justice and fair play, we deem it appropriate to restore this issue to the file of the AO for *de novo* adjudication after necessary verification of the details filed by the assessee regarding the availability of cash in hand for making the impugned cash deposit during the demonetisation period. Since the matter is restored to the file of the AO for consideration afresh, the assessee is directed to furnish any other evidence in support of her claim and is also directed to comply with all the notices and furnish any information sought by the AO. With the above directions, the impugned order is set aside, and the grounds raised by the assessee are allowed for statistical purposes.

8. In the result, the appeal by the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 11/02/2026

Sd/-
VIKRAM SINGH YADAV
ACCOUNTANT MEMBER

Sd/-
SANDEEP SINGH KARHAIL
JUDICIAL MEMBER

MUMBAI, DATED: 11/2/2026

Disha Raut
Stenographer

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.