

**IN THE INCOME TAX APPELLATE TRIBUNAL
"I" BENCH MUMBAI**

**BEFORE HON'BLE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER &
HON'BLE SHRI PRABHASH SHANKER, ACCOUNTANT MEMBER**

**ITA No. 3508/Mum/2025
(Assessment Year: 2017-18)**

Jamshed Naval Karanjia Flat No. 2, Plot no 315, Laxmi Building, D.P. Nagar, North Avenue, Santacruz West, Mumbai - 400054	Vs.	Commissioner of Income Tax Appeal 57 Room No. 512 Earnest House, NCPA Marg, Nariman Point, Mumbai - 400021
PAN/GIR No. DAKPK8962E		
(Applicant)		(Respondent)

Assessee by	Shri Jitendra Singh/Ms. Shivali Mhatre / Shri Rajesh Gaikwad
Revenue by	Shri Krishna Kumar (SR. DR.)

Date of Hearing	19.02.2026
Date of Pronouncement	01.04.2026

आदेश / ORDER

PER SANDEEP GOSAIN, JM:

The present appeal has been filed by the assessee challenging the impugned order 24.01.2025 passed u/s 250 of the Income Tax Act, 1961 ('the Act'), by the National Faceless Appeal Centre, Delhi (NFAC) for the assessment year 2017-18. The following grounds are reproduced below:

"1. On the facts and in the circumstances of the case the Learned Hon'ble Commissioner of Income Tax (Appeals) (CIT (A)) has erred in upholding the addition of

Rs.6,70,000/- and taxed the same under section 69 A read with section 115BBE being cash deposited by the Appellant during the demonetisation period and rejecting the explanation given by the Appellant and ignoring the fact that Ld. Assessing Officer (A.O) failed to make a detailed inquiry and pass a speaking order and not considering the Standard Operating Procedure (SOP) issued by CBDT which needs to be followed while making additions in respect of cash deposits during demonetization especially when order is made under best judgment by giving a draft Assessment Order u/s 144 of the Income Tax Act and all the facts have been disclosed hence the section 69C under section 115BBE is not acceptable.

2. The appellant craves leave to add, alter, modify, delete any of the grounds of appeal.
”

2. At the very outset we noticed that there is delay of 50 days and in this regard assessee had filed a detailed affidavit, the same is reproduced herein below:

Affidavit

I, Mr. Rashmikant Kuvadia, the Power of Attorney holder of Mr. Jamshed Naval Karanjia, an Indian inhabitant, aged about 66 years, having office at 11-12, Bibi Mansion, Prabhat Colony, Santacruz East, Mumbai 400 055, do hereby on solemn affirmation state as under: -

1. That, the Appellate Order dated 24.01.2025 passed by Ld. CIT(A) for the impugned Assessment Year 2017-18 was served on 24.01.2025. Thus, the last date for filing the appeal before this Hon'ble Appellate Tribunal was 31.03.2025. However, the same was filed on 20.05.2025.

2. That, the Appellant is Non-Residence Individual and currently resides in Edmonton Canada.

That, Appellant visits India only once a year that too for short duration.

That, the Appellant had appointed me as limited Power of Attorney Holder of the Appellant to carry out all the legal issues in his absence.

5. That, the Appellant being Non-Resident was unaware of the Indian Tax Laws. On receipt of the order passed by Ld. CIT(A) under section 250 of the Act upholding the addition of Rs.6,70,000/- wanted to take opinion of other professionals on the said issue.

6. However, as he had to travelled to Canada immediately, he could not be able to do the same.

7. That, it was only when I reminded the Appellant about the seriousness of not challenging the addition confirmed by the Ld. CTT(A) and the likelihood of attaching the Bank Account for recovery of the demand and penalty proceedings, he asked me to file the appeal on urgent basis.

8. That, I had prepared the appeal memo on behalf of the Appellant and file the same before the Hon'ble Appellate Tribunal. I being the Constituted Attorney for the Appellant. I had signed the appeal memo and filed the same before the Hon'ble Appellate Tribunal on 20.05.2025. However, by that time the appeal was barred by limitation by 50 days.

9. That, it was under the above peculiar facts and circumstances, which were unforeseen and beyond my control, the appeal could not be filed before the Hon'ble Appellate Tribunal within the limitation period.

10. That, the delay in filing the present appeal is not because of any malafide intention. Hence, your Honours may be pleased to condone the delay in filing the present appeal and the appeal may be decided on merits of the case.

11. That, otherwise, the Applicant had never been guilty of such default in earlier or subsequent assessment years.

That, whatever is stated hereinabove and in the condonation, Application is true to the best of my knowledge.

3. Considering the entire factual position as explained before us we are inclined to condone the delay subject to the cost of Rs. 5000/- which shall be deposited by the assessee in **PM's Relief Fund**. Now we proceed to decide the grounds raised by the assessee on merits

4. The solitary ground raised by the assessee relates to challenging the order of the Ld. CIT(A) in upholding the addition of Rs. 6,70,000/-. We have heard the counsel for both parties, perused the material placed on record, the judgments cited before us, and the orders passed by the Revenue Authorities.

5. From the records, we notice that during the year under consideration, the assessee did not file her return of income. During the course of online verification under "Operation Clean Money", data analytics and information gathered revealed that the assessee had deposited cash of Rs. 14,00,000/- during the demonetisation period. Accordingly, additions were made under Section 69A of the Act on account of unexplained income.

6. During the course of appellate proceedings, the additions were restricted to Rs. 6,70,000/-, as the assessee could not prove

the nature of the cash deposit. In this regard, the assessee relied upon written submissions filed before the Ld. CIT(A), which are reproduced herein below:

5.1 During the appellate proceedings, the appellant has filed a written submission addressed to NFAC, Delhi dated 21.10.2021, which is reproduced as under

1) Addition of Rs. 7,30,000 Cash) and Rs. 60.05.726(other credits) in Dena Bank Account No. 14410022141-

The aforesaid bank account belongs to assessee's wife Mrs Rebecca Karanjia. The assessing officer has wrongly deemed this account in name of assessee. Further Mrs. Rebecca Karanjia has also received a similar notice and order too was passed against SAME amount of cash received (Rs 7,30,000) in this bank account. We also attach notice from Income tax officer to release the bank account as it was wrongly attached to recover dues) wherein name of Mrs. Rebecca, is mentioned as account holder. Therefore this income cannot be taxable in hands of assessee For Proof we hereby attach the following

Scan copy of bank passbook wherein name of account holder is mentioned (Name can be clearly seen in page 2)

same amount of cash deposited Rs. 7,30,000/- added to Total Income tax return of assessee's wife wherein taxable income was already taken. The balance credit entries are pure reimbursements and do not form part of taxable income

Letter from Income tax officer (with account number clearly mentioned) to release Bank account

2) Cash deposit of Rs. 6,70,000/- in Account No. 1441025030

The assessee is a non resident who currently resides in Canada. In the second half of 2016. he had come down to India to attend wedding of daughter which was held in November 2016. For wedding costs, the assessee had converted Canadian dollars into Rupees and balance amount post meeting all wedding expenses was deposited into bank account Further, cash gifts received at the wedding were deposited into same account since assessee's daughter too is a non-resident and funds were deposited on her into account. Copy of bank statement and Wedding card is attached for reference

We hereby request your honor to delete wrongful addition and penalty initiated against assessee

5.2 The appellant had filed further written submission dated 06.12.2024 in this office comprising of grounds of appeal, statement of facts and additional ground of appeal, comprising which is reproduced as under

"Background

The Appellant is a Non Resident Individual settled in Canada. The Appellant has not filed the return of income for the aforesaid year

The department had information that Appellant had deposited substantial Cash in bank account(a) during the demonetisation period and accordingly has issued various notices and thereafter Order was passed under section 144 of the income Tax Act, 1961. A copy of which was served online and we quote from the said order as under

"on the basis of data analytics and information gathered during the phase of online verification under "Operation Clean Money The income tax Department gathered a list of assesseees who had deposited substantial Cash in bank account(s) during the demonetisation period (9th November, 2016 to 30th December, 2016) but have not filed Income Tax Return for A.Y 2017-2018 The data reveals that the Appellant had deposited cash of Rs. 7,30,000/- in Account no 14410022141 and Rs.6,70,000 in account No. 1441025030, totaling Rs 14,00,000/- maintained with Dena Bank (now known as Bank of Baroda), Bandra branch, Mumbai. The then Assessing Officer, the ITO Ward 22(1)(4), Mumbai issued Notice us 142(1) of the Income Tax Act, 1961, requesting to furnish the copy of Return of Income

1. The case was received on transfer from the errestwhile in response to the Notices maintained a recalcitrant attitude and failed to respond to the Notices u /s 133(8) of the Income Tax Act, 1951, was issued to the Dena Bank and the bank statement of Account No. 14410022141 and Account No. 1441025030 obtained

2. The data obtained from Dena Bank, Bandra Branch, Mumbal, reveals that the Appellant Mr. Jamshed Naval Karanjia has deposited Cash of Rs.7,30,000/- in Account No. 14410022141

and Rs.5,70,000/- in Account No. 1441025030, totalling Rs 14,00,000/-and had other credits of Rs 60,05,726/- maintained with Dena Bank, Bandra Branch, Mumbai during the demonetisation period (9th November, 2016 to 30th December, 2016).

3.1 This reveals that the Appellant has made cash deposits of Cash of Rs 7,30,000/- in Account No. 14410022141 and Rs.6,70,000/- in Account No. 1441025030, totaling Ra 14,00,000/-, maintained with Dena Bank, Bandra Branch, Mumbai, in between 9th November, 2016 to 30th December, 2016, and other credits of Rs. 60,05,726/-, during Financial Year 2016-17 relevant to Assessment Year 2017-18, which the Appellant strongly denies for other credits

The Appellant has not filed Income Tax Return (ITR) for AY 2017-18, as the taxable income was below the minimum income liable to tax

The case was selected for scrutiny assessment in CASS under limited criteria Accordingly, the Notice u/s 142(1) of the Act, dated 31.03.2018 and various notices were issued online. However the email address registered on the portal was that of Appellant's Chartered Accountant. The Appellant was not aware of the notices and details required, as the notices were never communicated to the Appellant by the Appellant's Chartered Accountant who expired recently. The Appellant had no chance to submit the details called for by the Id. A.O. which resulted in the ex parte Order us 144 wherein a sum of Rs. 74,05,730/- was assessed to the Income and wrongly tared under section 684

Being aggrieved by the said order the Appellant is in Appeal before your Honour on the following grounds of appeal

Grounds of Appeal

1. The Ld. Assessing Officer (A.O.) in facts and circumstances of Law erred in adding the income of Rs. 74,05,730/- being unexplained money u/s 69A

2 The Ld. A.O. failed to issue notice to the Appellant as mentioned in order u/s 143 (3) rw.s. 147 of the Income Tax Act 1961,

3 The Ld. Assessing Officer has erred in computing cash deposit of Rs. 74,05,730 of both banks, however the Appellant has deposited Rs. 6,70,000/- from his known source of income and the other account No 14410022141 does not belong to the appellant but to his wife Mrs. Rebecca Jamshed Karanjia as detailed in statement of facts mentioned subsequently

Additional ground of appeal

The Ld. A .O. has erred in passing an order u/s 144 without issuing draft assessment order under section 1440 to applicable a Non Resident assessee.

Section 144 C reads as under and starts with a non-obstante clause.

144C. Reference to dispute resolution panel (1) The Assessing Officer shall, notwithstanding anything to the contrary contained

in this Act, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the eligible assessee if he proposes to make, on or after the 1st day of October, 2009, any variation in the income or loss returned which is prejudicial to the interest of such assessee.

(2) On receipt of the draft order, the eligible assessee shall, within thirty days of the receipt by him of the draft order,-

(a) file his acceptance of the variations to the Assessing Officer, or

(b) file his objections, if any, to such variation with-

7. After going through the documents placed on record, we find that the assessee submitted that the source of the cash deposit of Rs. 6,70,000/- was from her late mother. It was stated that the assessee is a non-resident currently residing in Canada. In the second half of 2016, the assessee came to India to attend her daughter's wedding, which was held in November 2016. For the wedding expenses, the assessee converted Canadian dollars into rupees, and the balance amount, after meeting the wedding expenses, was deposited in the bank account. It was further submitted that cash gifts received at the wedding were also deposited into the same account.

8. To further strengthen the arguments, the Ld. AR submitted that the amount of Rs. 6,70,000/- belonged to the mother of the

assessee, who was quite old and residing at her brother's residence. The mother of the assessee died in 2014, and the money was lying with the assessee's brother. When the assessee visited India, her brother handed over the said amount. It was submitted that this amount was created as a small corpus by the mother during her lifetime for her two granddaughters, with whom she had great affection.

9. Although the assessee could prove the source of the cash in the hands of the mother even during the remand proceedings, considering the overall circumstances and the status of the parties, we draw an inference that the defence raised by the assessee cannot be disbelieved, especially as it is supported by an affidavit.

10. Thus, considering the fact that the money deposited by the assessee was her mother's lifetime savings, meant for her two granddaughters, and was handed over to the assessee's brother in 2014, we find merit in the explanation.

11. Although Ld. AR relied upon Circular/Instruction No. 3 of 2017 issued by the CBDT, the same is not applicable in the present case, as it relates to taxpayers above 70 years of age. In the present case, the assessee is not above 70 years of age, and as per his submission, the amount belonged to his late mother.

12. Therefore, keeping in view the unrebutted affidavit, the overall circumstances, and the peculiar facts of the case, and considering that the AO could not rebut the specific contentions of the assessee, we delete the impugned addition made by the AO.

13. In the result appeal filed by the assessee is allowed.

Order pronounced in the open court on 01.04.2026

SD/-

(PRABHASH SHANKER)
ACCOUNTANT MEMBER

SD/-

(SANDEEP GOSAIN)
JUDICIAL MEMBER

Mumbai, Dated 01/04/2026

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / The CIT(A)
4. आयकर आयुक्त (अपील) / Concerned CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुम्बई / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/BY ORDER,

उप/सहायक पंजीकार (Asst. Registrar)
आयकर अपीलीय अधिकरण, मुम्बई / ITAT, Mumbai