

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH : BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER  
AND  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

<b>ITA No. 1777/Bang/2025</b>
<b>Assessment Year : 2020-21</b>

Shri Machamada Ponnappa Prakash, Manchalli Village and Post Via Kutta, Virajpet Taluk, Kodagu District Kutta - 571 250. <b>PAN: ARSPM1726E</b>	<b>Vs.</b>	The Income Tax Officer, Ward - Madikeri.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri C. Ramesh, CA
Revenue by	:	Shri Subramanian .S, JCIT-DR

Date of Hearing	:	20-01-2026
Date of Pronouncement	:	09-04-2026

**ORDER**

**PER SOUNDARARAJAN K., JUDICIAL MEMBER**

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi 21/05/2025 in respect of the A.Y. 2020-21 and raised the following grounds:

*“The Appellant objects to the Assessment Order u/s.143(3) rws 144B on the following grounds in so far as it is prejudicial to the Appellant as it is opposed to law and circumstances of the case: -*

*1) The Appellant is filing Appeal with the delay of 11 days and a separate application and affidavit are filed along*

*with appeal papers. The Appellant prays before ITAT to Condon the delay in filing of Appeal*

*2) The CIT (A) was not correct in confirming the addition made by AO to the extent of Rs. 85,71,000/- as unexplained money u/s.69A of the Act though the Appellant has explained that the said deposits are relating to Agricultural income.*

*3) The CIT (A) was not correct in not considering the affidavit submitted during the appellate proceedings in respect of agricultural produces and also stated in the affidavit that books are not maintained.*

*4) The CIT (A) and AO have not appreciated the facts that the Appellant owning Agricultural land of around 30 Acres and 20 acres taken on lease for agricultural produces and submitted the ownership documents and the same were declared in the Return of Income filed u/s.139 (1)of the Act*

*5) The CIT (A) and AO have not appreciated the facts the AO has accepted the agricultural income during Assessment proceedings u/s.143(3) for the previous year AY 2017-18, where the Appellant has declared total agricultural income of Rs. 69,50,000/- and regularly earning agricultural income and declared in Return of Income, since many years.*

*6) The Appellant relies on various jurisdictional decisions of Hon'ble ITAT Bangalore and Karnataka High court, where it is held that no disallowance u/s.69A in the absence of books of accounts.*

*7) The Appellant craves leave to add, to alter, to amend or to delete any of the grounds that may be urged at the time of hearing of the Appeal*

*Wherefore on the above grounds and on such other grounds the Appellant prays the Appellate Authority to delete the additions as above and may pass such other as the Appellate Authority deems fit”*

**2.** The brief facts of the case are that the assessee is an individual and filed his return of income on 23/11/2020. The said return was processed u/s. 143(1) of the Act. Thereafter the case was selected for limited scrutiny to examine the issue of agricultural income. Notice u/s. 143(2) was issued and subsequently, notices u/s. 142(1) were also issued. The assessee had

not responded to the said notices and therefore a show cause notice was issued proposing to complete the assessment u/s. 144 of the Act. The assessee filed his response to the second notice and submitted that he is an agriculturist and doing the coffee plantation, pepper and arecanut crops and earned income out of the said agricultural proceeds. The assessee further submitted that the sale proceeds are credited into his bank account and that is the income earned by the assessee and on that basis, the return of income was filed. The assessee also furnished the details of the land holding in his name as well as in the name of his wife and also furnished the details of the sale proceeds credited into his bank account through RTGS. The assessee also furnished the bank statement in support of the said submission. The AO not accepted the said explanations and treated the entire agriculture receipts as unexplained money u/s. 69A of the Act. As against the said order, the assessee filed an appeal before the Ld.CIT(A). The Ld.CIT(A) also confirmed the addition made by the AO on the ground that the assessee had not established the nature and source of credit in his bank account which was claimed as an agricultural income.

**3.** As against the said order, the present appeal has been filed before this Tribunal with a delay of 11 days.

**4.** The assessee filed an application for condonation of delay and submitted that he has no sufficient knowledge in the e-proceedings and therefore the assessee was not able to file the appeal within the prescribed period. The assessee also submitted that there are various other issues in the rural area and therefore the appeal could not be filed in time. We have considered the said explanations offered by the assessee and also considered the fact that the delay is only 11 days, we are taking a lenient view and condone the delay in filing the appeal and proceeded to take up the appeal on merits.

**5.** At the time of hearing, the Ld.AR submitted that the assessee and his wife owned agricultural lands in which the coffee, pepper and arecanut were

planted and the said items were sold to several persons by raising invoices and the purchasers had remitted the bill amount by way of RTGS to the petitioner's bank account and therefore the assessee had discharged his burden of proving that the deposits in the bank accounts are nothing but from the agricultural activities. The Ld.AR further submitted that the details of the various amounts and the bank statements would establish the fact that the assessee had earned agricultural income which was credited into his bank account. The Ld.AR also submitted that the land holding records issued by the Government would also support the submission that the assessee and his wife are earning income out of the agricultural activities. The Ld.AR also filed a paper book enclosing the written submissions and the land holding records and the other documents showing the expenses incurred by the assessee, the details of the sale of agricultural crops and the bills raised by the assessee and also the bank statements in which the sale amount was credited by the purchasers. The Ld.AR also furnished a copy of the assessment order dated 15/12/2019 in the assessee's own case for the A.Y. 2017-18 in which the AO had accepted the return of income filed by the assessee and granted the deduction by treating the cash deposits as agricultural income. The Ld.AR submitted that before the AO, the details of the land holding records and the details of the sale of the agricultural crops were furnished whereas the other details about the expenses and the sale bills were filed before this Tribunal in support of the said statement of agricultural income and prayed to consider the said documents and allow the appeal filed by the assessee.

**6.** The Ld.DR submitted that the assessee had not furnished the details before the AO as well as before the Ld.CIT(A) and therefore the AO had correctly treated the cash deposits as unexplained money u/s. 69A of the Act.

**7.** We have heard the arguments of both sides and perused the materials available on record.

**8.** There is no dispute about the land holdings by the assessee as well as his wife. The reason for not accepting the source for the cash deposits made into the bank account of the assessee by the AO is that no details in support of the said claim was furnished before the AO. As seen from the land holding records, the assessee and his wife owned about 55 acres of land and also took lease of about 20 acres of land. The authorities below had not believed the submissions made by the assessee only on the ground that other than the details for depositing the cash, other details for incurring the expenses towards the agricultural activities were not furnished by the assessee before the AO as well as before the Ld.CIT(A). When the assessee had not produced the documentary evidences such as copy of contracts, expenses on seed, fertiliser, labour charges, water bill, electricity bill etc., the AO had not accepted the claim of exemption by treating the income as an agricultural income.

**9.** Before us, the assessee had furnished the statement showing the details of the sales effected by the assessee to the various persons by raising the invoices on different dates. In support of the said statement, the assessee had furnished the copies of the sale bills which were issued in the name of the purchasers. We have also perused the bank statements in which the agricultural income was credited by the purchasers through RTGS. In the said bank statements, it was clearly mentioned in the description column that who has remitted the amount. We will compare the said details in the bank statement as well as the invoice copy raised by the assessee from which it is clear that the assessee had sold black pepper on 07/04/2019 to one Elanthoor Spices and received the said sale consideration by way of RTGS on 08/04/2019. The said entry tallies with the amount mentioned in the invoice and therefore it could not be said that the assessee had no source for the cash deposits into his bank account. We have given one sample and when we are comparing the other entries in the bank statement, all the entries are tallying with the invoice amount raised by the assessee. When the invoices raised by the assessee shows that these items are agricultural commodities and the amounts credited into the bank

accounts are related to the said agricultural goods, it could be presumed that the income is an agricultural income and therefore the said income is not liable for taxation under the provisions of the Act. We have also perused the statement furnished by the assessee in which the various expenses incurred by the assessee for cultivating the coffee, pepper, arecanut and other crops were shown. The labour payments for the estate labours were also given by the assessee by way of statement. When the assessee is able to demonstrate before us that the assessee had incurred various expenses for cultivating the agricultural goods, without any other contrary evidences, the said facts cannot be doubted or disallowed. We have also perused the assessment order for the A.Y. 2017-18 in which the department had accepted the source for the cash deposits made into the bank accounts and on that basis, the AO had not taxed the agricultural income earned by the assessee after granting the deduction towards the other expenses incurred by the assessee. Therefore, the fact that the assessee is owning the lands of about 55 acres and also earned agricultural income by selling agricultural commodities and the cultivation of coffee and pepper were all accepted by the revenue. When the said facts are accepted by the revenue for the A.Y. 2017-18, we cannot discard the said finding for the current year when there is no other evidence available with the AO for taking a different view. In any event, we are satisfied that the assessee had demonstrated that he is having the source for the cash deposits made into his bank account which is nothing but an agricultural income and therefore the submissions made by the assessee could not be brushed aside in toto.

**10.** Even though the assessee had submitted the details of the wages paid to the labourers in the estate and the other expenses, the same were not produced before the AO at the time of making the assessment and therefore in the interest of justice, we are remitting this issue to the file of the AO for considering the issue afresh. It is open for the assessee to furnish the other supporting documents to show that the assessee is carrying on the agricultural activities and incurred expenses towards the cultivation of the agricultural crops and earned the agricultural income and therefore the

same would not be liable to be taxed under the provisions of the Act. While considering the issue afresh, we also direct the AO to consider the assessment order made for the A.Y. 2017-18 in which the source for the cash deposits were accepted by the AO. With the above directions, we remit this issue to the file of the AO for fresh consideration, after granting a reasonable opportunity of being heard to the assessee.

**11.** In the result, the appeal filed by the assessee is partly allowed for statistical purposes.

Order pronounced in the open court on 09<sup>th</sup> April, 2026.

Sd/-  
(WASEEM AHMED)  
Accountant Member

Sd/-  
(SOUNDARARAJAN K.)  
Judicial Member

Bangalore,  
Dated, the 09<sup>th</sup> April, 2026.  
/MS /

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|---------------|------------------------|
| 1. Appellant  | 2. Respondent          |
| 3. CIT        | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A)              |

By order

Assistant Registrar,  
ITAT, Bangalore