

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ “ए” , चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH “A”, CHANDIGARH

HEARING THROUGH: PHYSICAL MODE

श्री ललित कुमार, न्यायिक सदस्य एवं श्री कृणवन्त सहाय, लेखा सदस्य
BEFORE: SHRI. LALIET KUMAR, JM & SHRI. KRINWANT SAHAY, AM

आयकर अपील सं. / ITA No. 951/Chd/ 2025

निर्धारण वर्ष / Assessment Year : 2013-14

Jagir Kaur C/o Tejmoan Singh, Advocate # 527, Sector 10-D, Chandigarh-160011	बनाम	The ITO Ward-5(5) Chandigarh
स्थायी लेखा सं. / PAN NO: BSHPK5772M		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारिती की ओर से/Assessee by : Shri Tejmoan Singh, Advocate
राजस्व की ओर से/ Revenue by : Shri Vivek Vardhan, Addl. CIT, Sr. DR

सुनवाई की तारीख/Date of Hearing : 07/10/2025
उद्घोषणा की तारीख/Date of Pronouncement : 28/11/2025

आदेश/Order

PER KRINWANT SAHAY, A.M:

This is an appeal filed by the Assessee against the order of the Ld. CIT(A)/NFAC, Delhi dt. 05/06/2025 pertaining to Assessment Year 2013-14.

2. In the present appeal Assessee has raised the following grounds:

1. That the Ld. Commissioner of Income Tax (Appeals) has erred in law in upholding the issuance of notice under section 148 of the Act and framing of assessment thereafter in a much as there has been no escapement of income warranting issuance of notice under section 148 of the Act and as such the assessment framed is illegal, arbitrary and unjustified.

2. That the absence of statutory requirements of forming a reason to believe before issuance of notice and a mechanical approval thereof renders the assessment illegal, arbitrary and unjustified.

3. Without prejudice to the above, the Ld. Commissioner of Income Tax (Appeals) has erred in law as well as on facts in upholding the addition of Rs.11,00,000/- made on account of cash deposits in the joint bank account which is arbitrary and illegal

4. That the assessee had complete sources of cash deposit in the bank account being receipts from agricultural income and lease rentals in the shape of sale proceeds of wheat and millet duly explained during the course of assessment and appellate proceedings and as such upholding of the addition is arbitrary and unjustified.

5. That the appellant craves leave to add OR amend the grounds of appeal before the appeal is finally heard OR disposed off.

6. That the order of Ld. Commissioner of Income Tax(Appeals) Officer is arbitrary, opposed to the facts of the case and thus untenable.

3. Briefly the facts of the case are that the assessee filed her return of income for Assessment Year 2013-14 on 21.03.2018, declaring a total income of Rs. 7,12,110/-, which was treated as invalid. The case was reopened under section 147 of the Income-tax Act, 1961, on the basis that during the financial year 2012-13, cash deposits aggregating to Rs. 13,85,349/- were made in her savings bank account. After obtaining approval from the competent authority, a notice under section 148 was issued on 20.02.2020. In response, the assessee filed a return declaring the same income of Rs. 7,12,110/- after claiming a deduction of Rs. 10,000/- under Chapter VI-A. Thereafter, statutory notices under sections 143(2) and 142(1), along with questionnaires, were issued on multiple dates i.e; 19.02.2021, 12.03.2021, 23.03.2021, and 23.07.2021 and duly served.

3.1 The assessee submitted that she held a joint savings bank account (A/c No. 31826852196) with the State Bank of India along with her daughter, Ms. Paramjit Dhillon, and that the agricultural land owned by her was cultivated by her daughter during the year. She claimed that the income from the sale of agricultural produce belonged to her daughter and that the cash deposits in the joint account were proceeds from such agricultural activities. Examination of the bank statement revealed cash deposits of Rs. 12,00,000/- during FY 2012-13 in the said joint account. Despite being specifically asked through a final query notice under section 142(1) dated 23.07.2021 to furnish proof of sale of agricultural produce, mandi receipts, evidence of ownership/possession of agricultural land, details of crops grown, expenditure accounts, and supporting bills, the assessee failed to submit any documentary evidence to substantiate that cultivation had actually taken place.

3.2 Although the assessee initially stated in her reply dated 27.03.2021 that the agricultural land was owned by her, a show-cause notice was issued on 18.08.2021 proposing the addition of the unexplained cash deposit. The assessee requested and was granted a video conference on 13.09.2021, but even during the hearing, neither the assessee nor her representative

produced any tangible evidence to prove that agricultural operations were carried out or that the cash deposits represented genuine agricultural income. The AO noted that mere submission of an affidavit was insufficient to establish the conduct of agricultural activities or the source of the cash.

3.3 AO in his finding submitted that the assessee had been given ample opportunities but failed to explain the source of the cash deposit of Rs. 12,00,000/- with credible evidence, the Assessing Officer treated the said amount as unexplained investment under section 69 of the Income-tax Act, 1961, and added it to the assessee's total income. Consequently, the total assessed income was computed at Rs. 19,12,110/- (returned income of Rs. 7,12,110/- plus addition of Rs. 12,00,000/-). Interest under sections 234A, 234B, 234C, and 234D was charged as applicable, and credit for taxes paid was allowed as per records. A demand notice was issued accordingly, and penalty proceedings under section 271(1)(c) were separately initiated for concealment of particulars of income to the extent of Rs. 12,00,000/-. The assessment order under section 147 read with section 144B was passed on 16.09.2021 by the National Faceless Assessment Centre, Delhi.

4. Against the order of the AO the assessee went in appeal before the Ld. CIT(A). The Ld. CIT(A) upheld the core finding of the Assessing Officer that the assessee failed to substantiate the claim that the cash deposit of Rs. 12,00,000/- in the joint savings bank account (SBI A/c No. 31826852196) represented proceeds from agricultural operations. The CIT(A) noted that while the assessee established ownership of agricultural land at Village Ramdass, Tehsil Anjala, District Amritsar, Punjab, through a registered deed and jamabandi/fard receipts, no documentary evidence was produced to prove that cultivation actually took place during FY 2012-13. Specifically, the assessee did not furnish any lease agreement, records of crops grown, sale bills, mandi receipts.

4.1 The Ld. CIT(A) examined the affidavits submitted one by the assessee stating that her unmarried daughter, Ms. Paramjit Dhillon, managed the land and received the agricultural income, and another by Sh. Gurjeet Singh

claiming he took the land on hire-purchase, cultivated it, and paid Rs. 12,00,000/- in cash to Ms. Paramjit Dhillon from sale proceeds. The CIT(A) held that an affidavit alone, without supporting documentary evidence, cannot be accepted as credible proof of agricultural activity or the source of cash. The AO had not disputed land ownership but had rightly required proof of cultivation and nexus with the deposits, which remained unestablished despite multiple opportunities, including a video conference.

4.2 However, acknowledging that the assessee did own agricultural land and considering the possibility of some modest agricultural activity, the CIT(A) granted partial relief of Rs. 1,00,000/- as a reasonable estimate of potential agricultural income. Accordingly, the addition under section 69 was restricted to Rs. 11,00,000/-. The appeal was partly allowed vide order dated 05.06.2025.

5. Against the order of the Ld CIT(A) the assessee preferred an appeal before the Tribunal.

6. During the course of hearing, the Ld. Counsel for the assessee submitted that the ownership of agricultural land by the assessee has remained undisputed, as both the authorities below have accepted that the assessee was the owner and cultivator of such land. It was contended that once ownership and cultivation are duly admitted, the agricultural receipts cannot be disbelieved merely because no *mandi* receipts were produced, particularly in cases involving small-village cash transactions.

6.1 The Ld. Counsel further submitted that the deposits in question did not belong to the assessee but to her daughter, Ms. Paramjit Dhillon, aged 66 years, who had categorically affirmed in her sworn affidavit that she alone operated the concerned bank account and that the deposits represented her own funds. It was emphasized that the Department has brought no material on record to rebut or disprove the said affidavit, and hence, the addition made in the hands of the assessee is unsustainable.

6.2 With regard to the applicability of Section 69 of the Income-tax Act, 1961, the Ld. Counsel contended that the said deeming provision applies only where an investment of the assessee is found to be unexplained. In the present case, since the source of deposits has been duly identified as belonging to another person, the said provision cannot be invoked. In support of this contention, reliance was placed on the judgment of the Hon'ble Supreme Court in the case of *CIT v. Daulat Ram Rawatmull* [1973] 87 ITR 349 (SC).

6.3 The Ld. Counsel further argued that the addition has been made purely on the basis of suspicion, without any independent or corroborative material linking the assessee to the deposits. It was urged that, as settled in law, "suspicion, however strong, cannot take the place of proof."

6.4 In conclusion, the Ld. Counsel submitted that considering the undisputed ownership of agricultural land, the un-rebutted affidavits of Ms. Paramjit Dhillon and Sh. Gurjit Singh wherein Sh. Gurjit Singh has corroborated that he had taken the land on hire-purchase, cultivated it, and paid Rs. 12,00,000/- in cash to Ms. Dhillon from the sale proceeds of crops. These affidavits have neither been controverted by the Department through cross-examination nor rebutted by any contrary evidence. Further the Ld. Counsel stated that the affidavits coupled with the assessee's advanced age and non-involvement in banking or cultivation activities, the entire addition of Rs. 11,00,000/- sustained under section 69 deserves to be deleted in the interest of justice.

7. Per contra the Ld. DR relied on the orders of the lower authorities.

8. We have heard the rival contention of both the parties and perused the material available on the record. The undisputed facts are that the assessee, Smt. Jagir Kaur, is the owner of agricultural land situated at Village Ramdass, Tehsil Anjala, District Amritsar, Punjab, which stands supported by the registered ownership documents and revenue records (jamabandi/fard). Both the Assessing Officer and the Ld. CIT(A) have accepted the assessee's

ownership of the said agricultural land. The dispute, therefore, lies not with ownership but with the nature and source of the cash deposits aggregating to Rs. 12,00,000/- made in the joint bank account of the assessee and her daughter, Ms. Paramjit Dhillon, during the relevant financial year.

8.1 The assessee's consistent stand has been that the said deposits did not represent her own income but belonged to her daughter, who managed and cultivated the agricultural land during the year. In support thereof, affidavits of both Ms. Paramjit Dhillon and Sh. Gurjit Singh were filed. The affidavit of Ms. Dhillon clearly affirms that she alone operated the joint account and that the deposits represented proceeds of agricultural activities, while the affidavit of Sh. Gurjit Singh corroborates that he had taken the land on hire-purchase, cultivated it, and paid Rs. 12,00,000/- in cash to Ms. Dhillon from the sale proceeds of crops. These affidavits have neither been controverted by the Department through cross-examination nor rebutted by any contrary evidence. It is settled law that an uncontroverted affidavit has evidentiary value and cannot be disregarded merely on surmise.

8.2 We further note that the Ld. CIT(A) himself accepted that the assessee owned agricultural land and that some degree of agricultural activity was plausible, which is why a partial relief of Rs. 1,00,000/- was granted as estimated agricultural income. However, once ownership and agricultural operations are not denied, the rejection of the assessee's explanation solely on the ground of absence of mandi receipts or sale bills is not sustainable. It is a matter of common knowledge that in small villages, agricultural produce is often sold in cash through local markets without formal documentation. The non-production of mandi receipts, in such circumstances, cannot by itself be decisive against the assessee, especially when the basic facts of ownership and cultivation remain unchallenged.

8.3 With regard to the applicability of Section 69 of the Act, the deeming provision can be invoked only when an unexplained investment is found to belong to the assessee and the source thereof is not satisfactorily explained. In the present case, the assessee has explained the source of deposits as

belonging to another identifiable person, i.e., her daughter who had further received the amount from Shri Gurjeet Singh, thus identifying the source of cash deposits. Therefore, the precondition for invoking Section 69 is not fulfilled. The ratio laid down by the Hon'ble Supreme Court in *CIT v. Daulat Ram Rawatmull* [1973] 87 ITR 349 (SC) squarely applies to the facts of the present case, wherein it was held that ownership of money cannot be presumed merely on suspicion or conjecture.

8.4 In view of the above discussion, we find that the addition sustained by the Ld. CIT(A) is based on presumptions and not on any positive material. The Department has failed to bring any evidence to establish that the cash deposits represented unexplained investments of the assessee. It is well settled that "suspicion, however strong, cannot take the place of proof." Therefore, in the absence of any cogent material to connect the assessee with the impugned deposits, the addition made under Section 69 cannot be sustained.

8.5 Accordingly, we set aside the order of the Ld. CIT(A) and direct the Assessing Officer to delete the addition of Rs. 11,00,000/- sustained under Section 69 of the Income-tax Act, 1961.

9. In the result, appeal of the Assessee is allowed.

Order pronounced in the open Court on 28/11/2025

Sd/-

ललित कुमार
(LALIET KUMAR)
न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-

कृणवन्त सहाय
(KRINWANT SAHAY)
लेखा सदस्य/ ACCOUNTANT MEMBER

AG

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File