

Money deposited in bank account which was withdrawn for purchase of property does not call for sec. 68 additions

Summary – The Chandigarh ITAT in a recent case of Baljit Singh, (the Assessee) held that Money deposited in bank account which was withdrawn for purchase of property does not call for sec. 68 additions

Facts

- The Assessing Officer during assessment proceedings noticed that assessee had deposited certain amount in his bank account. The Assessing Officer asked assessee to explain the source of said funds deposited in bank account.
- The assessee explained that he had withdrawn the funds from his bank account four months ago and since the purchase transaction did not materialise he re-deposited funds in question in his bank account.
- The Assessing Officer rejected assessee's explanation and added amount to his taxable income.
- The Commissioner (Appeals) confirmed said addition.
- On second appeal:

Held

- The ITAT stated that there is no law that funds withdrawn from the banks cannot be held/retained in cash by the parties and thereafter deposited back in the account if transactions for which they were withdrawn do not materialise.
- In the facts of the present case, it is seen that there is no such allegation. No evidence has been made available by the revenue to support the possibly unarticulated suspicion that the funds have been utilised elsewhere. Accordingly, considering the peculiar facts and circumstances of the case, the ground by the assessee is allowed.