

Additions deleted upon examination of facts in support of credit in bank a/c - ITAT

Summary – The Chandigarh ITAT in a recent case of Kuldeep Singh, (the Assessee) held that additions made were to be deleted upon examination of facts in support of credit in bank a/c

Facts

- During assessment proceedings, the Assessing Officer found that assessee had deposited certain amount in his bank account.
- The assessee explained that said amount was given to him as gift by his father out of the proceeds of sale of agricultural land and his past savings.
- The Assessing Officer rejected the explanation and added amount deposited with bank to assessee's taxable income under section 68.
- The Commissioner (Appeals) confirmed addition made by Assessing Officer.
- On second appeal:

Held

- The ITAT held that the assessee had filed evidence of sale of land which was examined and found and reported as correct. Considering the fact that the source of the amount with the donor has not been doubted, nor has the revenue pointed out or brought on record any fact showing the usage of the said amount by the donor prior to gifting, there is no reason to hold the said explanation improbable.
- Therefore, the basis given by the Commissioner (Appeals) for rejecting the explanation of the assessee *vis-a-vis* the source of cash deposited does not stand the test of reasoning and the same is, therefore, rejected.
- In the result, the appeal of the assessee is allowed.