IN THE INCOME TAX APPELLATE TRIBUNAL
'SMC' BENCH, BANGALORE

BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER

ITA No. 550/Bang/2025
Assessment Year: 2017-18

Shruthi Kishore, 898, 4th Cross, 9th Main, BTM Stage -2, **Bangalore – 560 076.** **PAN – AWHPK 5282 F**	Vs.	The Income Tax Officer, Ward - 5(3)(5), Bangalore. .
APPELLANT		RESPONDENT

Assessee by	:	Shri Krishna Upadhya, CA
Revenue by	:	Shri Ganesh R Ghale, Advocate for Standing Counsel

Date of hearing	:	17.06.2025
Date of Pronouncement	:	23 .07.2025

O R D E R

PER WASEEM AHMED, ACCOUNTANT MEMBER:

This is an appeal filed by the assessee against the order passed by the NFAC, Delhi vide order dated 23/01/2025 in DIN No. ITBA/NFAC/S/250/2024-25/1072466820(1) for the assessment year 2017-18.

2. The assessee has raised following grounds of appeal:

"1. The order of Learned Addl/JCIT (Appeals) [hereinafter referred to as CIT(A)j is opposed to the facts of the case and law applicable to it.

2. The Hon'ble CIT(A) has erred in issuing a direction to the Learned AO that is both impractical and unreasonable.

Cash Deposit of Rs 10,00,000/-

3. The Learned AO erred in treating the 10,00,000 cash deposit as unexplained money under Section 69A of the Act, despite the appellant's clear explanation that the amount was received as wedding gifts. Wedding gifts are exempt under Section 56(2)(vii) of the Act. No contrary evidence was brought on record by the AO to challenge the appellant's claim.

4. The Hon'ble CIT(A) wrongly directed the Learned AO to verify the identity and creditworthiness of donors, which is an impractical burden on the appellant. Wedding gifts are customary in India and do not typically have documented proof or donor confirmations. The reassessment direction is merely prolonging litigation without introducing any new material facts.

5. The Hon'ble CIT(A) directed the Learned AO to verify the identity and creditworthiness of the persons who gifted cash, which is impractical and unreasonable, as wedding gifts received in October 2016 are generally not documented.

6. The Hon'ble CIT(A)'s directions to verify the creditworthiness of the donors during the marriage is not supported by provisions of section 56 of the Act, which unconditionally exempt such gifts received during the wedding.

Deduction under section 80TTA of the Act.

7. The Learned AO made an addition of ?11,263 as interest income but denied the deduction under Section 80TTA of the Act, which is explicitly allowed under the Income Tax Act.

8. The Hon'ble CIT(A) failed to give any relief on this matter, despite clear eligibility for the deduction.

Generic Ground

9. The Appellant craves leave to add, alter, vary, omit, substitute or amend the above grounds of appeal, at any time before or at, the time of hearing, of the appeal, sc as :o enable the learned Hon'ble Tribunal to decide the appeals according to law.

Prayer

a. The CIT(A)'s direction for reassessment be quashed, as it is impractical and unjustified

b. Hold that the addition made by the Learned AO be dismissed summarily as untenable as the source of cash deposits are wedding gifts, which are exempt from tax as per the provisions of the Act.

c. For the grounds as mentioned above and other grounds that may be urged at the time of appeal, the Appellant requests the Hon'ble Income Tax Appellate Tribunal to delete the addition of Rs.10,00,000/- and allow the benefit of claiming deduction under 80TTA of the Act, which is against the factual submissions made,

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documentary evidence and also against the principles of law and justice."

3. The issue raised by the assessee is that the learned CIT(A) erred in confirming the addition of ₹10 lakhs by the treating the cash deposit as unexplained money under section 69A of the Act and erred in not providing the deduction under section 80TTA of the Act for ₹10,000/-.

3.1 The facts in brief are that the assessee is an individual and employed with M/s Pramata Knowledge Solution Pvt Ltd. The assessee filed the return of income for the year under consideration declaring an income of ₹ 3,54,460/- only. The case of the assessee was selected for scrutiny under CASS to verify the cash deposit of ₹10 Lakh during the demonetization period i.e. as on 19-11-2016. Accordingly, a notice under section 143(2) of the Act dated 25-09-2018 was issued upon the assessee. The assessee in response to such notice vide letter dated 27-09-2018 submitted that the impugned deposit was out of cash received as wedding gift on 16-10-2016 and also furnished marriage invitation card in support of her claim. Subsequently, several notices under section 142(1) of the Act and show cause notice were issued as on 6-11-2019 and 22-11-2019 but the assessee failed to make submission in response to the notices. Therefore, the AO held that mere filing of marriage invitation card is not sufficient to explain the nature and sources of cash deposit. The AO found that the assessee was provided sufficient opportunity to explain the source of cash deposit, but she failed to avail the opportunity. Hence, the AO proceeded to finalize the assessment as best judgment as per section 144 of the Act vide order dated 6-12-2019 wherein treated the cash deposit as unexplained money as per section 69A of the Act and added the same to her total income.

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3.2 In addition, the AO also found that the assessee has earned interest income of Rs. 11,263 from the bank but the same was not offered tax. Hence, the AO added the same to the total income of the assessee.

4. The aggrieved assessee preferred an appeal before the learned CIT(A).

5. The assessee before the learned CIT(A) submitted that notice under section 142(1) of the Act was issued after a year from issue of notice under section 143(2) which was duly responded. Further, she was unaware of the notice issued under section 142(1) of the Act as the same was served on email id. When she checked email id on 24 December 2019 then only, came to know about the notices, but the assessment order was already passed as on 6th December 2019 despite time limit was available till 31st December 2019. Hence the assessment completed under section 144 of the Act is not as per law and deserves to be quashed.

6. On merit, the assessee reiterated that the cash was deposited out marriage gift received by her. It was further explained that after marriage, her husband travelled abroad and returned only as on 16th November 2016 due which cash was not deposited after returning of her husband in the bank account as on 19th November 2016.

7. The learned CIT(A) after considering the facts in totality held that the AO rightly completed the assessment as per section 144 of the Act. However, the learned CIT(A) on merit of the case directed to verify the

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claim of the assessee. The relevant observation of the learned CIT(A) is extracted as under:

> *Further, as per assessment order the appellant filed response to the notice u/s. 143(2) dated 25/09/2018. However, the appellant did not comply with notice under section 142(1) dated 06/11/2019 issued during scrutiny proceedings. Show cause notice dated 22.11.2019 to complete the assessment u/s. 144 was also sent by the AO but appellant did not comply to the show cause notice.*
> *In view of above facts, assessing officer completed assessment under section 144 as best judgment assessment and made additions on following issues:*
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> 1. *Addition u/s. 69A ₹10,00,000/-*
> 2. *Interest income u/s. 80TTA ₹11,263/-*
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> *In view of the above, AO has correctly passed the order u/s. 144. During appellate proceedings, appellant has made submission before me in support of his grounds of appeal.*
> *Appellant has challenged the issue of notices during assessment proceedings stating that reasonable opportunity of being heard was not given to her. However, after going through system and records, it is seen that these notices were issued to the appellant by the assessing officer details of which are as under.*
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> 1. *Notice u/s. 143(2) issued on 25.09.2018 hearing date fixed on 09.10.2018.*
> 2. *Notice u/s. 143(2) issued on 29.09.2018 hearing date fixed on 15.10.2018.*
> 3. *Notice u/s. 142(1) issued on 06.11.2019 hearing date fixed on 11.11.2019.*
> 4. *Show cause notice issued on 22.11.2019 hearing date fixed on 27.11.2019.*
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> *In view of above facts, challenge of the appellant for issue of notices is not sustained and grounds number 03 & 05 related to this issue are hereby dismissed.*
> *In respect of grounds related to addition made, on merits; appellant has submitted before me certain explanations and documents as mentioned under the heading appellant's submission in the above paragraphs of this order. Appellant has filed affidavit stating that cash deposit of ₹10,00,000/- is out of gifts received in the marriage. This claim of appellant needs verification by AO. AO will verify from whom such gifts were received by appellant and confirmation of the same from those parties along with genuineness of transaction, identity of person giving gift and creditworthiness of that person. Appellant will have to submit evidences on these lines. To be fair; before making addition, explanation given by the application needs to be considered even though same is given at appellate stage. Further claims made and documents submitted by the appellant needs verification by AO.*
> *Hence to meet the ends of justice, I am setting aside the assessment made by AO with direction to AO to make fresh assessment on the issue/s mentioned in the AO's order against which this appeal is filed. AO will give further*

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opportunity to appellant to explain her case with supporting documents and make necessary inquiries and verifications required as per law before passing fresh assessment order.
With respect to ground no 10 related to charging of interest u/s 234A, 234B it is hold that these provisions are attracted automatically once additions are made by the AO. However since the assessment is set aside with a direction to make fresh assessment, this ground has become infructuous.
To sum up assessment made by AO is set aside with a direction to AO to make fresh assessment.

8. Being aggrieved by the order of the learned CIT(A), the assessee is in appeal before us.

9. The learned AR before us filed a paper book running from pages 1 to 82 and argued that the appellant got married on 16th October 2016 and received cash gifts amounting to ₹10,00,000/- from her family members, relatives, and close friends on the occasion of her wedding. These were customary wedding gifts. The cash was deposited into her bank account on 19th November 2016, after her husband returned from abroad. The delay in deposit was due to his travel. Supporting documents, including her husband's passport, were submitted to prove the timeline.

9.1 The learned AR submitted that these gifts are not taxable as per the second proviso to section 56(2)(vii) of the Act, which clearly states that gifts received on the occasion of marriage are not taxable. Also, section 56(2)(vii) or section 69A of the Act does not ask the assessee to prove the identity, genuineness, or financial capacity of every donor. The ld. CIT(A)'s direction asking for such verification goes beyond the law and is practically impossible in the context of customary wedding gifts. Furthermore, the learned AR referred to judicial precedents like *N. Sunitha v. ITO* (Bangalore ITAT) reported in 118 Taxman 110 and *M*

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Komal Wazir v. DCIT (Hon'ble Bombay High Court) reported in 56 taxmann.com 293, to buttress the argument that wedding gifts from friends and relatives are part of Indian culture, and no addition can be made under section 69 of the Act if the money is received on the occasion of marriage. It was also argued that in the case of *Komal Wazir(supra)*, the Hon'ble Court also observed that it is unreasonable to expect the bride to provide bills or invoices to prove gifts received from parents and in-laws.

9.2 Regarding the addition of ₹11,263/-, the learned AR submitted that this was interest income from a savings bank account. The appellant is eligible for a deduction under section 80TTA of the Act, which allows deduction up to ₹10,000/- for such interest income. Although the income was initially missed due to oversight, the assessee voluntarily corrected the error during appellate proceedings and filed a revised computation showing total interest of ₹1,08,928/- only. The deduction was wrongly denied by both the AO and ld. CIT(A), even though it is explicitly allowed under the Act.

9.3 In addition, the learned AR argued that appellate authorities have the power to admit new claims, even if they were not raised before the AO, as supported by the Hon'ble Supreme Court ruling in *Jute Corporation of India Ltd. v. CIT reported in 187 ITR 688* and the Hon'ble Bombay High Court in *Pruthvi Brokers & Shareholders Pvt. Ltd reported in 349 ITR 336.*

9.4 In conclusion, the ld. AR requested the Tribunal to delete the addition of ₹10,00,000 as the amount represent as wedding gifts which

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is not taxable and consequently quash the CIT(A)'s direction for unnecessary donor's verification and allow deduction of ₹10,000 under section 80TTA of the Act from the assessed interest income.

10. On the other hand, the learned DR before us vehemently supported the finding of the lower authorities.

11. We have carefully considered the facts, submissions, and the materials available on record. The core issue is whether the sum of ₹10,00,000/- deposited in cash by the assessee on 19th November 2016 should be treated as unexplained money under section 69A of the Act, or as exempt gift received on the occasion of marriage.

11.1 Before going into the facts of the case, it is important to note that in Indian society, marriage is a deeply rooted socio-cultural event, where it is customary for family members, relatives, and close friends to offer gifts, including cash, to the bride and groom. These gifts are part of our traditions and social values. It is not unusual for such gifts to be unrecorded and informal, given the personal nature of the relationships and the occasion. Therefore, the mere absence of receipts or formal confirmations from each donor cannot by itself be a ground to treat the gifts as unexplained money.

11.2 In the present case, the assessee got married on 16th October 2016 and has explained that the cash deposit was out of wedding gifts received during the ceremony. The deposit was made on 19th November 2016, after her husband returned from abroad. This delay in deposit has

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been explained with reference to the passport and travel dates of her husband, which are undisputed.

11.3 Further, we note that the assessee has relied upon the second proviso to section 56(2)(vii) of the Act which clearly exempts gifts received on the occasion of marriage. There is no requirement in law under this section or under section 69A of the Act to establish the identity and creditworthiness of every person who gave a customary wedding gift. The Assessing Officer as well as the learned CIT(A) appear to have demanded a level of verification that goes beyond the legal requirement and ignores the socio-cultural context.

11.4 It is also noted that in support of her claim, the assessee has filed an affidavit and other supporting documents. She has also placed reliance on judicial precedents, including the decision of the ITAT Bangalore in *N. Sunitha v. ITO (supra)* and of the Hon'ble Bombay High Court in *M Komal Wazir v. DCIT (supra)*, where it has been recognized that wedding gifts, particularly cash gifts from relatives and friends, cannot be treated as unexplained merely because each donor is not individually verified. In such circumstances, the addition made under section 69A of the Act is not sustainable and deserves to be deleted.

11.5 On the other hand, without prejudice, we find that the learned CIT(A) has set aside the assessment and directed the AO to verify the claim of the assessee afresh. However, it is well-settled that under the Act that the learned CIT(A) does not have the power to set aside an assessment to the AO for fresh consideration after the amendment brought into effect from 1st June 2001. The powers of the ld. CIT(A) are

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now confined to confirming, reducing, enhancing, or annulling the assessment under section 251(1) of the Act. Therefore, the direction of the learned CIT(A) to set aside the issue for fresh assessment is beyond his jurisdiction and is not sustainable in law.

11.6 We also accept the assessee's claim under section 80TTA of the Act for the deduction of ₹10,000/- against interest income from a savings bank account. The assessee voluntarily disclosed the interest income during the appellate stage and corrected the earlier omission. The law permits such deductions, and there is no bar in admitting a new claim at the appellate stage. In view of the above detailed discussion, we hereby set aside the finding of the learned CIT(A) and direct the AO to delete the addition of ₹10 Lakh made on account of cash deposit and also allow the deduction of ₹10000/- under section 80TTA against the interest income earned from saving bank account. Hence, the ground of appeal of the assessee is hereby allowed.

12. In the result, the appeal of the assessee is hereby allowed.

Order pronounced in court on 23rd day of July, 2025

Sd/-	Sd/-
(KESHAV DUBEY)	**(WASEEM AHMED)**
Judicial Member	Accountant Member

Bangalore
Dated, 23rd July, 2025

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Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore

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