

IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCHES : SMC : NEW DELHI

BEFORE SHRI R.S. SYAL, VICE PRESIDENT

ITA No.2553/Del/2017  
Assessment Year : 2008-09

Malik Enterprises Pvt. Ltd.,  
2144, Turkman Gate,  
Delhi.

Vs. ITO,  
Ward-16(2),  
New Delhi.

PAN: AAACM1403C

(Appellant)

(Respondent)

Assessee By : Shri Piyush Kaushik, Advocate  
Department By : Shri T. Vasanthan, Sr. DR

Date of Hearing : 16.10.2017  
Date of Pronouncement : 17.10.2017

ORDER

This appeal by the assessee is directed against order passed by the  
CIT(A) on 18.01.2017 in relation to the assessment year 2008-09.

2. Only ground no.2, against the sustenance of addition amounting to Rs.27,50,000/- made u/s 68 of the Income-tax Act, was pressed. Other grounds, therefore, stand dismissed as not pressed.

3. Briefly stated, the facts of the surviving ground are that during the course of assessment proceedings, it was noticed that the assessee had certain business transactions with M/s M.Y. Paper Products Pvt. Ltd. and M/s Saket Paper Products Pvt. Ltd. In order to prove the genuineness of these transactions, the assessee furnished copy of ledger account of these two parties to whom transactions in the nature of sales were made. The Assessing Officer observed that there was a closing credit balance of Rs.5.03 lac in the account of M/s M.Y. Paper Products Pvt. Ltd. and there was a debit balance in the subsequent years. In order to verify the genuineness of the transactions, the Assessing Officer issued notices u/s 133(6) to both the parties. M/s Saket Paper Products Pvt. Ltd. sent its reply, with which the Assessing Officer got convinced. Since no compliance was made by M/s M.Y. Paper Products Pvt. Ltd., the Assessing Officer added a sum of Rs.27,50,000/- u/s 68 of the Act,

being, the amount received from this party during the year through various cheques. The Id. CIT(A) confirmed the addition. The assessee is aggrieved against the sustenance of such addition.

4. I have heard the rival submissions and perused the relevant material on record. A copy of the account of M/s M.Y. Paper Products Pvt. Ltd. in the books of the assessee, is available in the paper book. It can be seen that there is opening debit balance of Rs.6,270/-. There are various credit entries representing the amounts received by the assessee through cheques from this party aggregating to Rs.27,50,000/-. During the year, the assessee made several sale transactions to this party which are more than Rs.22.40 lac, thereby giving net closing balance of Rs.5,02,925/-. The Assessing Officer made the addition by summing up all the receipts from this customer and ignoring that the assessee had also effected sales to it through various transactions. Genuineness of such sales transactions has not been doubted by the AO. I fail to comprehend as to how an addition u/s 68 of the Act can be made for the amounts received from a customer to whom regular sales have been

made during the year. It is, ergo, held that the addition was wrongly made and sustained. Under these circumstances, the addition is deleted and the impugned order is set aside to this extent.

5. In the result, the appeal is allowed.

The order pronounced in the open court on 17.10.2017.

Sd/-

[R.S. SYAL]  
VICE PRESIDENT

Dated, 17<sup>th</sup> October, 2017.

dk

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT (A)
5. DR, ITAT

AR, ITAT, NEW DELHI.