

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
DELHI BENCH: 'E' NEW DELHI**

**BEFORE SHRI SAKTIJIT DEY, VICE-PRESIDENT  
AND  
SHRI PRADIP KUMAR KEDIA, ACCOUNTANT MEMBER**

ITA No.1743/Del/2022  
Assessment Year: 2019-20

Sh. Narinder Singh Punihani, S-160, Greater Kailash-2, New Delhi	<b>Vs.</b>	DCIT, Central Circle-19, New Delhi
<b>PAN :ADEPP1450A</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	Sh. R.S. Singhvi, CA Sh. Satyajeet Goel, CA
Department by	Sh. Subhra Jyoti Chakraborty, CIT(DR)

Date of hearing	24.08.2023
Date of pronouncement	09.11.2023

**ORDER**

This is an appeal by the assessee against order dated 24.06.2022 of learned Commissioner of Income Tax (Appeals)-27, New Delhi, for the assessment year 2019-20.

2. The dispute in the present appeal is confined to addition of an amount of Rs.21 lakhs made under section 69A of the Income-tax Act, 1961 (in short 'the Act')

3. Briefly the facts are, the assessee is a resident individual. A search and seizure and survey operation under section 132/133A

of the Act was conducted on the assessee and other family members as well as the entire group on 04.01.2019. In course of search and seizure operations, jewelleryes and three watches were sent for valuation to a registered Valuer. The registered Valuer determined the value of three watches at Rs.21 lakhs. Whereas, jewelleryes were valued at Rs.9,49,405/-. Apparently, assessee's explanation regarding source of jewelleryes was accepted by the Assessing Officer. Insofar as the three wrist watches are concerned, the Assessing Officer called upon the assessee to explain the source of investment made in them. In response, it was submitted by the assessee that the wrist watches were purchased by him and his wife over a period of time from disclosed sources of income. It was submitted that since the watches were purchased long back prior to the block period, the details of investment in such watches, such as, invoices, mode of payments etc. are not available. However, to prove the availability of fund, the assessee furnished cash flow statement and details of credit card transactions made from assessment years 2013-14 to 2019-20 aggregating to Rs.2,53,32,395/-. It was submitted by the assessee that since the assessee had sufficient fund available with him, being a member of a highly reputed and renowned

family, neither the holding of such watches, nor the capacity to invest in them can be doubted. The Assessing Officer, however, was not convinced with the submission of the assessee. Alleging that the assessee failed to furnish proper evidence, such as, bills/vouchers, the Assessing Officer treated the amount of Rs.21 lakhs as unexplained money under section 69A of the Act and added back to the income of the assessee. Learned first appellate authority upheld the addition.

4. We have considered rival submissions and perused the materials on record. Undisputed facts are, in course of a search and seizure operation, along with jewellerys, three wrist watches were found and seized, which as per description of the Assessing Officer are as under:

<b>Sl. No. of Valuation Report</b>	<b>Items description</b>	<b>Value (in Rs.)</b>
5.	Watch with leather strap (HUBLOT)	4,00,000
6.	Watch with leather strap (HUBLOT)	7,00,000
7.	Watch with leather strap (DEGRISOGONA)	10,00,000

5. The jewellerys and watches were sent for valuation by a Government registered Valuer, who determined the value of watches aggregating to Rs.21 lakhs. It is apparent, before the

Assessing Officer as well as before learned first appellate authority, the assessee has furnished explanation stating that the watches were purchased by them over a period of time and they belong to him and his wife.

6. On a perusal of the Valuation Report, copy of which was placed on record, it is observed that the date of valuation is 04.01.2019. It is further observed, in the Valuation Report, the Valuer has not described anything about the make and year of manufacture of the watches. He has simply valued them at round figures. It is also a fact that in course of search and seizure operation, no bills/invoices or even warranty cards relating to these wrist watches were found. That being the factual position, it cannot be said with certainty that the watches were purchased in the previous year relevant to the impugned assessment year. This is so because, the assessee has consistently taken a stand before the departmental authorities that the watches were purchased over a period of time prior to the block period, hence, neither any bills/invoices are available nor even the credit card statements, through which payments have been made, are available.

7. The explanation of the assessee assumes significance in view of the fact that no evidence was found in course of search and

seizure operation indicating purchase of watches in the year under consideration. Even, the credit card statements do not disclose any such fact. Therefore, in our view, it cannot be said that the investment in watches were made in the impugned assessment year. Even otherwise also, on perusal of facts and materials available on record, it is observed that the assessee is a man of means. The copy of the capital account statement furnished before us demonstrate that as on 31.03.2018, he had assets of Rs.29,86,09,418/-. Whereas, on 31.03.2019, he had assets of Rs.31,77,16,426/- The funds available with the assessee in different assessment years are as under:

<b>A.Y.</b>	<b>Returned Income</b>	<b>Profit share from Firm (Exempt)</b>	<b>Drawings from the firm</b>
2011-12		28,59,478	1,57,06,395
2012-13	80,640	34,25,836	1,48,60,127
2013-14	11,170	1,01,98,729	4,15,95,080
2014-15	7,56,000	74,44,131	4,74,99,012
2015-16	35,28,000	2,79,83,110	3,13,30,171
2016-17	40,03,190	2,42,33,561	1,31,50,567
2017-18	27,09,000	1,62,97,378	3,10,06,856
2018-19	51,23,780	75,14,352	3,87,56,201
2019-20	1,82,640	3,16,64,508	1,72,80,706
<b>Total</b>	<b>1,63,94,420</b>	<b>13,16,21,083</b>	<b>25,11,85,115</b>

8. Credit card expenses incurred by the assessee in different assessment years, are as under:

<b>Asst. Year</b>	<b>Credit Card Expenses (In Rs.)</b>
2013-14	39,40,545
2014-15	35,90,486
2015-16	30,16,795
2016-17	44,40,150
2017-18	41,52,880
2018-19	18,62,774
2019-20	43,28,766
<b>Total</b>	<b>2,53,32,395</b>

9. The aforesaid facts and figures make it abundantly clear that the assessee had enough means to invest in the wrist watches. It will be pertinent to mention that the departmental authorities have accepted the source of investment in jewellery found at the time of search and seizure operation. Only because bills and invoices of the wrist watches were not found at the time of search, the addition has been made.

10. Looking into the overall facts and circumstances of the case, we are of the view that the provisions of section 69A will not be attracted as the explanation offered by the assessee regarding the

source of investment in the wrist watches, by no means, can be considered to be unsatisfactory.

11. On the contrary, the explanation offered by the assessee appears to be plausible. Thus, in our view, the addition made under section 69A of the Act is unsustainable. While coming to such conclusion, we have drawn support from the decision of the Coordinate Bench in case of ACIT Vs. Gurnam Arora, ITA No.616/Del/2012, dated 01.03.2016. Accordingly, we delete the addition. Grounds are allowed.

12. In the result, appeal is allowed.

***Order pronounced in the open court on 9<sup>th</sup> November, 2023***

***Sd/-***  
**(PRADIP KUMAR KEDIA)**  
**ACCOUNTANT MEMBER**

***Sd/-***  
**(SAKTIJIT DEY)**  
**VICE-PRESIDENT**

Dated: 9<sup>th</sup> November, 2023.

RK/-

Copy forwarded to:

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

Asst. Registrar, ITAT, New Delhi