

IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'F' BENCH,  
NEW DELHI

BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER, AND  
SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER

ITA No. 2006/DEL/2023 [A.Y 2017-18]

The J.C.I.T.  
Central Circle - 18,  
New Delhi

Vs.

M/s Pari Agencies Pvt Ltd  
554/A/4B Plot No. 81  
First Floor, Nakul Gali  
Vishwas Nagar, New Delhi

PAN: AAHCP 0457 E

(Applicant)

(Respondent)

Assessee By : Shri Ved Jain, Adv  
Ms. Uma Upadhyay, CA

Department By : Shri Vivek Vardhan, Sr. DR

Date of Hearing : 13.12.2023

Date of Pronouncement : 14.12.2023

**ORDER**

**PER N.K. BILLAIYA, ACCOUNTANT MEMBER:-**

This appeal by the Revenue is preferred against the order of the CIT[A]- 27, New Delhi dated 28.02.2023 pertaining to Assessment Year 2017-18.

2. The sum and substance of the grievance of the Revenue is that the ld. CIT(A) erred in deleting the addition of Rs. 1,59,26,716/- on account of cash sales during the demonetization period.

3. Having heard the rival submissions, we have carefully perused the orders of the authorities below.

4. Briefly stated, the facts of the case are that the assessee filed its return of income electronically on 29.09.2017 declaring total income of Rs. 9,59,664/. Return was selected for scrutiny assessment and accordingly, statutory notices were issued and served upon the assessee.

4. The assessee is engaged in the business of trading of mobiles and mobile accessories and also in Haldiram namkeen and gift items. While scrutinizing the return of income and on perusal of the bank statement, the Assessing Officer noticed that the assessee has deposited cash of Rs. 3,48,89,000/- in Khatri Co-operative Urban Bank Ltd., of which Rs. 1,94,89,000/- was in Specified Bank Notes and Rs. 1,54,00,000/- in other denomination notes during the demonetization period, The Assessing

Officer further observed that there is an increase in cash sales of more than 68% in F.Y. 2016-17 as compared to F.Y. 2015-16.

5. After perusing the month-wise details of cash sales, vis a vis cash deposits, the Assessing Officer came to the conclusion that cash deposited by the assessee during the demonetization period is nothing but unaccounted cash kept in the hands of the company which is now being deposited in the bank during the demonetization period.

6. The Assessing Officer further observed that the assessee tried its best to make it believe that these are cash sales made earlier but could not substantiate during the assessment proceedings. According to mathematical calculation done by the Assessing Officer on presumptions and surmises, he came to the conclusion that the assessee should have deposited the total amount of Rs. 35,62,284/- during the demonetization period instead of Rs. 1,94,89,000/-.

7. Believing his surmise, the Assessing Officer concluded by holding that cash sales of Rs. 3,77,006 is the actual cash sales instead of Rs. 1,22,21,293/- as shown by the assessee and went on to treat the excess

amount of Rs. 1,59,26,716/- as unexplained and made addition of the same u/s 68 of the Act.

8. We are of the considered view that the mathematical calculation of the Assessing Officer is simple mathematics and has nothing to do with the actual figures recorded in the books of account during the year under consideration and also in the preceding year.

9. It is important to understand the cash sales pattern from 01.04.2016 to 31.10.2016 with the sales accepted by the Assessing Officer and the same is as under:

SL NO	DATE	CASH SALES IN Rs
1	06.04.2016	2387829
2	12.04.2016	2405295
3	18.04.2016	2348940
4	15.06.2016	2736193
5	09.07.2016	4555216
6	14.07.2016	2893054
7	16.07.2016	2599051
8	19.07.2016	3045717
9	25.07.2016	2448857
10	03.08.2016	2236652
11	17.08.2016	2597802
12	25.08.2016	2280068
13	30.08.2016	3348800
14	31.08.2016	2031887
15	01.09.2016	3977361
16	03.09.2016	2223045
17	07.09.2016	2607342
18	10.09.2016	2318978
19	24.09.2016	2183396
20	14.10.2016	2332094
21	15.10.2016	2344011
22	18.10.2016	2232099

10. From the above chart, it can be seen that the cash sales is always more than Rs. 20 lakhs per day which went as high as Rs. 45.55 lakhs.

The total sales from 28.08.2016 to 03.09.2016 is Rs. 1,30,42,002/- which means that cash sales of 8 days are more than cash sales from 01.011.2016 to 08.11.2016. Therefore, it can be safely concluded that there is nothing unusual in the cash sales during 01.11.2016 and 08.11.2016.

11. Nowhere in the assessment order the Assessing Officer has mentioned that after inflating the alleged cash sales the assessee has frequently revised its VAT returns. It is not the case of the Assessing Officer that the assessee has shown alleged cash sales without having sufficient stock in hand during that period. Not a single instance of defect is pointed out in the audited books of account. The entire assessment is based on assumptions/presumptions, surmises and conjectures de hors of the facts on record.

12. Considering the facts from all possible angles, we could not find any reason to interfere with the findings of the Id. CIT(A).

13. In the result, the appeal of the Revenue in ITA No. 2006/DEL/2023 is dismissed.

The order is pronounced in the open court on 14.12.2023 in the presence of both the representatives.

Sd/-

**[CHALLA NAGENDRA PRASAD]  
JUDICIAL MEMBER**

Sd/-

**[N.K. BILLAIYA]  
ACCOUNTANT MEMBER**

Dated: 14<sup>th</sup> DECEMBER, 2023.

VL/

Copy forwarded to:

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

Asst. Registrar,  
ITAT, New Delhi

Date of dictation	
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr.PS/PS	
Date on which the final order is uploaded on the website of ITAT	
Date on which the file goes to the Bench Clerk	
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
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