

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

BEFORE SHRI SHAMIM YAHYA, ACCOUNTANT MEMBER

**ITA No.3215/DEL/2023
(Assessment Year: 2017-18)**

Navdhatu Wires Pvt. Ltd.,
A-2/121, Janakpuri,
New Delhi – 110 058.

vs.

Income Tax Officer,
Delhi.

(PAN : AADCN9226H)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri K. Sampath, Advocate
Shri V. Rajkumar, Advocate
REVENUE BY : Shri Om Prakash, Sr. DR

Date of Hearing : 07.02.2024
Date of Order : 12.02.2024

ORDER

This appeal by the assessee is directed against the order of the Id. CIT (Appeals)/National Faceless Appeal Centre (NFAC) dated 06.09.2023 for the assessment year 2017-18.

2. The only ground of appeal taken by the assessee read as under :-

“That on the facts and circumstances of the case, action of the learned CIT (A) in confirming the action of learned Assessing Officer of treating a sum of Rs.32,20,500/- deposited in Bank during demonetization period in specified currency notes as Cash Credits and taking the same u/s 68 read with section 115BBE of Income Tax Act, 1961 is bad both in the eyes of law and on facts.”

3. Brief facts of the case are that the assessee had filed return of income for the year under consideration declaring income of Rs.3,96,162/- on

06.11.2017. The return was processed u/s 143(1) of Income-tax Act, 1961 (for short 'the Act'). The case was selected for scrutiny for verification of cash deposited amounting to Rs.32,20,500/- during demonetization period. The AO issued a show cause notice requesting assessee to justify cash deposit during demonetization period. The assessee's reply in response to show cause notice was not found acceptable to the AO. Therefore, AO completed assessment after making addition of Rs.32,20,500/- to the total income.

4. Upon assessee's appeal, ld. CIT (A) noted that the submission of the assessee was that cash was deposited from sale proceeds and past savings brought forward from previous year. However, ld. CIT (A) rejected the same on the ground that no proof of source of the same was furnished. He was of the opinion that assessee declared a meagre income of Rs.3,96,162/- and was claiming to have accumulated cash of Rs.32,20,500/- by way of cash sales, which is not justifiable. Ld. CIT (A) further held that assessee has not produced various books of account and confirmed the action of the AO.

5. Against this order, assessee has filed appeal before me. I have heard both the parties and perused the records.

6. Ld. Counsel of the assessee submitted that assessee has given due evidence for the availability of cash with the assessee. Assessee's books of account are audited for the current year as well as preceding year. Cash was

generated out of sale for which evidence was also given. He submitted that books have not been rejected, hence sales were also accepted. He pleaded that when sales are accepted, the cash component of the sales cannot be said to be without any proof.

7. Per contra, ld. DR for the Revenue relied upon the orders of the authorities below.

8. Upon careful consideration, I find that assessee has submitted audited accounts. No discrepancy has been found therein. The entire transactions have been audited. Cash sales have been accepted by the Revenue. The Revenue has not rejected the books of account. In this background, not accepting the availability of sum deposited in the bank account is without proper basis. Hence, I set aside the orders of the authorities below and decide the issue in favour of the assessee.

9. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on this 12th day of February, 2024.

**sd/-
(SHAMIM YAHYA)
ACCOUNTANT MEMBER**

**Dated the 12th day of February, 2024
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Copy forwarded to:

- 1.Appellant
- 2.Respondent
- 3.CIT
- 4.CIT (A).
- 5.CIT(ITAT), New Delhi.

**AR, ITAT
NEW DELHI.**