

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

**BEFORE SH. SAKTIJIT DEY, VICE PRESIDENT
AND
SH. M. BALAGANESH, JUDICIAL MEMBER**

**ITA No.3227/DEL/2023
Assessment Year: 2017-18**

Vrindavan Fabrics Private Limited, Delhi Sanoli Bye Pass, HUDA Sector-29 Panipat 132103 PAN No.AACCV7480N	Vs	ITO Ward – 5 Panipat
(APPELLANT)		(RESPONDENT)

Appellant by	Sh. Amit Kaushik, Advocate
Respondent by	Sh. Vivek Vardhan, Sr. DR

Date of hearing:	07/02/2024
Date of Pronouncement:	19/02/2024

ORDER

PER SAKTIJIT DEY, VP:

This is an appeal by the assessee against the order dated 07.11.2023 passed by National Faceless Appeal Centre (NFAC), Delhi for the Assessment Year 2017-18.

2. The dispute in the present appeal is confined to addition of an amount of Rs.46,03,682/- u/s. 68 of the Income Tax Act, 1961.

3. Briefly stated the facts are, the assessee is a resident corporate entity. For the assessment year under dispute, the

assessee filed its return of income on 07.10.2017 declaring total income of Rs. 5,10,270/-. In course of assessment proceedings the Assessing Officer (AO) called upon the assessee to furnish the details of sundry creditors and trade payables with their address, PAN numbers etc. Alleging that the assessee furnished the details on 19.12.2019 i.e. at the fag end of the year, which made impossible any enquiry to be carried out regarding the genuineness of the trade payables, the AO added back trade payables / closing balances in respect of seven parties aggregating to Rs.46,03,682/-, by treating it as unexplained cash credit u/s. 68 of the Act. Though, the assessee contested the aforesaid addition before learned Commissioner Appeals, however, the addition was sustained.

3. Before us learned Counsel appearing for the assessee submitted that in course of assessment proceedings the assessee has responded to the queries raised by the AO and furnished all the details asked for.

4. He submitted, without verifying the details furnished by the assessee or making any enquiry the AO has added back certain trade payables on selective basis. He submitted, when the AO has accepted the purchases and also did not raise any doubt regarding the payment made towards such purchases, he could not have added back the closing balances of some of the parties.

5. The Learned Departmental Representative strongly relied upon the observations of the AO.

6. We have considered rival submissions and perused the material available on record. From the order of the AO it is very much clear, in course of assessment proceedings the assessee has furnished all the details called for in relation to sundry creditors/ trade payables. Simply saying that the details were furnished by the assessee at the fag end of the year which made any enquiry impossible, the AO has added certain trade payables. On perusal of materials placed on record, it is observed that in response to the query raised by the AO the assessee had uploaded its reply on 30.11.2019 with all supporting evidences, such as, list of sundry creditor's, details of payments made, account confirmations etc.

7. It is quite evident, the AO has not examined any of the details furnished by the assessee. In a purely selective basis the AO has added back closing balances of only seven parties.

8. From the material placed on record it is observed that the assessee has transactions running into 8.10 crores during the year. The list of sundry creditors as on 31.03.2017 was to the tune of Rs.1,49,75,383.50 consisting more than 45 parties. Whereas, the AO has selectively added back closing balance of 7 parties only. Even in respect of said 7 parties the assessee has

furnished all relevant and necessary details including the name, addresses, PAN, confirmations, bank statements etc.

9. Not even a semblance of enquiry has been made by the AO to ascertain the genuineness of the transaction with the parties. Unfortunately, though, all the materials were available before learned First Appellate Authority, he also did not make any attempt to factually examine the issue in relation to materials available on record. On the contrary he simply went by the observations of the AO. When the assessee has furnished all supporting evidences to prove the genuineness of the transaction relating to the purchases made, in our view, no addition u/s. 68 of the Act can be made merely on the basis of conjectures and surmises. More so, when the AO has accepted the purchases and the payments made towards such purchases.

10. In aforesaid view of the matter, we have no hesitation in deleting the addition.

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

Order pronounced in the open court on 19.02.2024.

Sd/-

(M. BALAGANESH)
ACCOUNTANT MEMBER

NEHA

Date:- 19.02.2024

Sd/-

(SAKTIJIT DEY)
VICE PRESIDENT

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT NEW DELHI

ate of dictation	07.02.2024
Date on which the typed draft is placed before the dictating Member	08.02.2024
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 file goes to the Head Clerk.	
The date on which file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	