

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

**BEFORE SHRI KUL BHARAT, JUDICIAL MEMBER  
AND  
SHRI AVDHESH KUMAR MISHRA, ACCOUNTANT MEMBER**

**ITA No.13/Del/2024, A.Y.2017-18**

Jaspreet Kaur, G-22/1-A, Rajouri Garden Delhi PAN : AIUPK9980H		ITO, Ward 45(2), Delhi
<b>(Appellant)</b>		<b>(Respondent)</b>

Appellant by	Sh. Daljit Singh, Advocate
Respondent by	Ms. Anupama Singla, Sr. DR

Date of Hearing	01/08/2024
Date of Pronouncement	08/08/2024

**ORDER**

**PER AVDHESH KUMAR MISHRA, AM**

This appeal of the Assessment Year (In short, the 'AY') 2017-18 preferred by the assessee is directed against the order dated 05.12.2023 passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), New Delhi [In short, the 'CIT(A)'].

2. Sole ground raised in this appeal is as under:-

*“Cash deposited during demonetization for sum of Rs.14,93,000/- not allowed as sales of the appellant by the CIT(A).”*

3. The relevant facts giving rise to this appeal are that the appellant/assessee, Proprietor of Fab Look, engaged in business of the trading of fabrics, filed her Income Tax Return (In short, the 'ITR') declaring income of Rs.3,95,190/- on 31.08.2018. The case was picked up for scrutiny on the reasoning that the appellant/assessee had deposited substantial cash during the demonetization period. The consequential assessment was completed at income of Rs.56,25,690/- vide order dated 07.12.2019 passed under section 143(3) of the Income Tax Act, 1961 (In short, the 'Act'). The Assessing Officer (In short, the 'AO') taxed the entire cash deposits aggregating to Rs.52,30,500/- made in the bank account in the relevant Financial Year (In short, the 'FY') under section 69A of the Act. Aggrieved the appellant/assessee filed appeal before the Id. CIT(A) who restricted the addition of Rs.52,30,500/- to Rs.14,93,000/- observing as under: -

*“6.6 In respect of addition of Rs. 14,93,000/- regarding cash deposits during the demonetization period, the appellant does not furnish any documentary evidences either during the assessment proceedings or during the appellant proceedings. Further, it is seen that the appellate did not have any substantial cash balance with it. As seen from the chart providing in Para 6.5 the cash balance available with the appellant was Rs. 12,450/-, Rs. 26,840/- & Rs. 40,200/- in A.Y. 2015-16, 2016-17 & 2017-18 respectively. Further, the appellant was not authorized to collect cash in 'Specified Bank Notes' during the demonetization period. Various courts have held as under:-*

*The Punjab & Haryana High Court in the case of Sudhir Kumar Sharma (HUF) vs. CIT 224 Taxman 178 (Punjab & Haryana) has held as under:-*

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*The Supreme Court in the case of Sudhir Kumar Sharma (HUF) Vs. CIT 239 Taxman 264 (SC) has held as under:-*

.....  
*The Delhi High Court in the case of Ravinder Kumar Vs. ITO 273 Taxman 369 (Delhi) has held as under:-*

.....  
*In absence of any documentary evidences to substantiate the sources of cash deposits during the demonetization period no relief can be granted to the appellant on this issue. The addition of Rs. 14,93,000/- is upheld. To sum up the addition of Rs. 52,30,500/- is restricted to Rs. 14,93,000/-.”*

4. The Ld. Counsel drew our attention to the following tabular data (Numerals are in Rupees):-

A.Y.	Gross Turnover	Cash balance	Income from Business	Income from Other Sources	Total Income as per the ITR
2015-16	61,18,268/-	12,450/-	5,10,267/-	3,256/-	3,36,270/-
2016-17	63,05,936/-	26,840/-	5,25,408/-	5,484/-	3,42,660/-
2017-18	58,25,800/-	40,200/-	4,95,193/-	3,295/-	3,95,190
2018-19	11,92,800/-	21,200/-	2,98,200/-	2,250/-	2,98,200/-

With the help of the above tabular data, the Ld. Counsel submitted that there was coherency in the turnover and cash deposits in the above-mentioned years. The appellant/assessee had filed her ITRs of these years under section 44AD of the Act. The Ld. Counsel challenged the addition under section 69A of the Act holding that the cash deposits treated as sales in the ITR had been wrongly taxed as unexplained investment. This issue was raised before the Ld. CIT(A) also however, he did not decide this issue. The Ld. Counsel placed reliance on the decision of the Hon'ble Madras High Court in the case of Salem Shree Ramavilas Chit Company (W.P.No.1732 of 2020 date of

order 04.02.2020) and Bhaichand H. Gandhi 141 ITR 67 (Bom.). Further, the Ld. Counsel submitted that the bank account was not books of account of the appellant/assessee; hence, addition made under section 69A of the Act deserved deletion once the same have been offered as sales in the ITR. The Ld. Counsel, placing reliance on the decision of Coordinate Bench in the case of Ramesh Kochar, ITA No. 171/Del/2022 dated 26.04.2022, submitted that the present case was squarely covered by this decision.

4.1 The Second issue was raised with respect to limited scrutiny and complete scrutiny it was contended that the case was selected for limited scrutiny; however, it was converted to full scrutiny without approval of the PCIT. Hence, the additions need to be knocked off treating the assessment order as void ab initio. Reliance was placed on the decision of Late Smt. Gurbachan Kaur ITA no. 692/JP/2019.

5. The Ld. Sr. DR drew our attention to the finding of the CIT(A) and submitted that the appellant/assessee did not produce any corroboratory evidence to justify the cash deposits during the demonetization period and hence it was prayed for dismissal of the appeal.

6. We have heard both the parties at length and perused the material available on the record. We are of the considered view that

there is no abnormality in deposit of cash in the bank account during the relevant year particularly in view of the finding of the Ld. CIT(A) that cash deposits of Rs.25,55,500/- prior to demonetization and Rs.11,91,000/- post demonetization are nothing but sales consideration deposited in the bank account. Hence, following the reasoning given in the co-ordinate Bench decision in the case of Ramesh Kochar, ITA No. 171/Del/2022 dated 26.04.2022, we hereby hold that the addition of Rs.14,93,000/- under section 69A of the Act is uncalled for and the CIT(A) is not justified in upholding the same. Consequentially, we delete the addition of Rs.14,93,000/- sustained by the Ld. CIT(A).

7. In view of the above, the appeal of the assessee is allowed.

Order pronounced in open Court on 08 August, 2024

**Sd/-**  
**(KUL BHARAT)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(AVDHESH KUMAR MISHRA)**  
**ACCOUNTANT MEMBER**

Dated:08/08/2024  
*Binita, Sr. PS*

Copy forwarded to:

1. Appellant
2. Respondent
3. PCIT
4. CIT(Appeals)
5. CIT-DR

ASSISTANT REGISTRAR  
ITAT, NEW DELHI