

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

BEFORE SHRI KUL BHARAT, JUDICIAL MEMBER

ITA No. 2288/DEL/2024
Assessment Year: 2018-19

Sanjay Khanna, 37-B, Ashoka Avenue, Sainik Farms, New Delhi-110062.	<u>Vs</u>	National e-Assessment Centre, Delhi.
PAN- AAIPK 9461 D		
APPELLANT		RESPONDENT
Appellant by	Shri Ranjan Chopra, CA	
Respondent by	Shri Sanjay Kumar, Sr. DR	
Date of hearing	13.08.2024	
Date of pronouncement	20.08.2024	

ORDER

PER KUL BHARAT, JM:

This appeal, by the assessee, is directed against the order of learned CIT(Appeals), National Faceless Appeal Centre (NFAC), Delhi, dated 23.03.2024, pertaining to the assessment year 2018-19. The assessee has raised following grounds of appeal:

“1 That the Order of learned CIT (A), NFAC sustaining the order of the learned Assessing Officer is bad in law and on facts and is liable to be set-aside

2 That the learned CIT (A), NFAC has erred in law and on facts in sustaining the addition of Rs. 3,95,520/- made by Assessment Unit, NFAC on account of cash payments made to settle credit card dues

3 *That the learned CIT (A), NFAC has erred in law and on facts in not considering the evidences furnished with him*

4 *That order passed by learned CIT (A), NFAC is against the principles of natural justice as no further clarification/ evidence was sought nor any discrepancy was found while matching the details of cash withdrawals with the payments made to settle credit card*

5 *That the appellant craves the leave to add, amend, modify, delete any of the grounds of appeal before or at the time of hearing and all the above grounds are without prejudice to each other”*

2. Facts, in brief, are that the case of the assessee was selected for limited scrutiny. The reason for taking up the case for scrutiny was credit-cards payments. The Assessing Officer issued notice u/s 142(1) of the Income-tax Act, 1961 (the “Act”) calling upon the assessee to furnish the source of cash and for making payments against the credit-cards. The AO did not receive any response. Therefore, he made addition of Rs. 3,95,520/- and assessed income at Rs. 12,34,900/- against the returned income of Rs. 8,39,380/-. Aggrieved against this the assessee preferred appeal before learned CIT(Appeals) who also dismissed the appeal of the assessee. Now the assessee is in appeal before this Tribunal.

3. Learned counsel for the assessee vehemently argued that the learned CIT(Appeals) without considering the submissions and without making any independent inquiry confirmed the addition. He contended that he assessee had source of income which is duly explained.

4. On the other hand, learned DR supported the orders of lower authorities.

5. I have heard rival contentions and perused the material available on record. The learned CIT(Appeals) dismissed the appeal by observing as under:

6.1 *I have considered the explanation of the appellant. According to the appellant the cash payment of credit card bills is explainable from the following withdrawals from the bank accounts of the wife and daughter of the appellant.*

<i>Withdrawal date</i>	<i>By</i>	<i>Amount</i>
03.11.2017	Nikita Khanna	2,50,000
08.11.2017	Nikita Khanna	45,000
28.06.2017	Nikita Khanna	1,00,000
30.03.2017	Lakshita Khanna	2,50,000
05.04.2017	Lakshita Khanna	1,00,000
07.06.2017	Lakshita Khanna	2,00,000
		9,45,000

6.2 *This claim is difficult to accept as there is no one-to-one correspondence between withdrawal and settlement of credit card bills. The dates vary by months and amount withdrawn is larger the bill amount. Also withdrawal from bank is by cheque and settlement of credit card dues is in cash. This is also not explained. The appellant has also not explained the creditworthiness of the daughter and wife. It is not clear whether they have income of their own or whether they file IT returns.*

6.3 *Under the circumstances, the explanation of the appellant is not satisfactory. I uphold the addition made by the AO under section 69A as the cash paid towards credit card bills from unexplained sources constitutes unexplained money u/s 69A.*

6. From the above it is clear that the assessee had given reason for cash payment out of withdrawal made from the account of wife and daughter. The learned CIT(Appeals) without making further inquiry from the concerned persons confirmed the addition. Looking to the facts that the assessee had given logical explanation without bringing any adverse material the lower authorities have

mechanically made and confirmed the addition, which is not permissible under law. I, therefore, looking to the facts of the present case and the explanation offered by the assessee, set aside the orders of authorities below and direct the Assessing Officer to delete the addition made. Consequently, grounds taken by the assessee are allowed.

7. In the result, assessee's appeal is allowed.

Order pronounced in open court on 20th August, 2024

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

MP

Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT, NEW DELHI