

**THE INCOME TAX APPELLATE TRIBUNAL  
DEHRADUN BENCH, NEW DELHI  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER,  
AND  
SHRI VIMAL KUMAR, JUDICIAL MEMBER  
(Through Video Conferencing)**

**ITA No. 89/DDN/2023  
(Assessment Year: 2017-18)**

Janardhan Prasad, 87, Tyagi Road, Dehradun,	Vs.	ITO, Dehradun
(Appellant)		(Respondent)
<b>PAN: AIZPP4466G</b>		

Assessee by :	Shri Rajiv Sahni, Ca
Revenue by:	Shri Amar Pal Singh, JCIT DR
Date of Hearing	23/08/2024
Date of pronouncement	28/08/2024

O R D E R

**PER M. BALAGANESH, A. M.:**

1. The appeal in ITA No.89/Del/2023 for AY 2017-18, arises out of the order of the Commissioner of Income Tax (Appeals)-6, Kolkata [hereinafter referred to as 'Id. CIT(A)', in short] in Appeal No. ITBA/APL/S/250/2023-24/1058070695(1) dated 20.11.2023 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 04.11.2019 by the Assessing Officer, ITO, Ward-2, Dhule (hereinafter referred to as 'Id. AO').

2. The assessee has raised the following grounds of appeal before us:-

*"1. That in any case and in any view of the matter, Learned Addtl.CIT(A), NFAC has erred in law and on facts in confirming the action of the Learned AO by dismissing the Appeal filed by the Appellant.*

*2. That in any case and in any view of the matter, Learned AddI.CIT(A), NFAC has erred in law and on facts in in taking only the cash receipts and*

*payments of E-stamps ignoring the sale of physical stamps, commission on which has been suo-moto offered to income tax in the Return of Income.*

*3. That in any case and in any view of the matter, the Learned AO has erred in law and on facts in bringing to tax the addition under Section 69A by resorting to the amended provisions of Section 115BBE that became effective from 15.12.2026 for the cash deposited in the months from April to June 2016.*

*4. That in any case and in any view of the matter, the Learned AO erred in law and on facts in making addition of Rs.6,57,530 to the returned income under Section 69A of the Income Tax Act, 1961 without taking into account all the transactions undertaken by the Appellant and without considering the balance sheet as at 31.3.2016 filed at the time of filing Return for Assessment Year 2016-17 on 17.11.2016.*

*5. That in any case and in any view of the matter, the Learned Addtl.*

*CIT(A) has erred in law and on facts in passing the Appeal Order on 20.11.2023 after 15 days of the last hearing fixed on 12.10.2023 in contravention of Instruction No.20/2003 dated 23.12.20003 as confirmed by Instruction vide F.no.279/Misc 53/2003-ITJ dated 19.6.2015.*

*6. That the Appellant craves leave to add, alter, delete, amend or modify any grounds of appeal during the course of appeal proceedings."*

3. We have heard the rival submissions and perused the material available on record. The assessee is an individual and the vendor of Non-Judicial stamp papers and court fee stamps. The return of income for assessment year 2017-18 was filed by the assessee on 03.10.2017 declaring total income of ₹3,13,680/-. The Id AO noticed certain cash deposits made by the assessee during April to June 2016, as under:-

April, 2016	Rs. 19,05,000/-
May, 2016	Rs. 25,00,000/-
June, 2016	Rs. 20,00,000/-

4. The assessee was asked to explain the source of aforesaid cash deposits. The assessee explained that he has sold non-Judicial e-stamp papers valuing to Rs. 3,44,50,777/- against which he has received cash of ₹2,28,56,000/-. The assessee submitted e-stamp sale register as well as

month wise details of sale of e-stamp and cash deposited in the bank account. Apart from this, the assessee was also buying stamps of lower value from Treasury Department and selling the same. The cash was received by the assessee on sale of physical stamps also. Ultimately for the e-stamps sold, the assessee would be entitled for commission income at 0.15 paise which would be given by Stock Holding Corporation of India (SHCIL) and commission of 85 paise by Utrakhand Treasury for physical stamps sold. In other words, the assessee would be merely entitled only for commission income on the entire activity of selling of stamps. The Id AO merely by taking the amount received on sale of e-stamps alone for the first 3 months and compared the same with the cash deposit made during April to June 2016 arrived at the deficit figure of Rs. 6,57,530/- and proceeded to add the same as income from undisclosed/ unexplained sources u/s 69A of the Act. This action was upheld by the Id CIT(A).

5. As stated earlier, the assessee had derived cash sales from sale of e-stamp as well as physical stamps. Further, the assessee had closing cash balance as on 31.03.2016 of Rs. 1,19,606/- and closing stock of stamps in hand as on 31.03.2016 of Rs.2,97,290/-. Both these items are also available as a source for generating cash balance and sales respectively and explain partially the cash deposits made in the bank account. These 2 figures were duly reflected in the income tax return form for AY 2016-17 which is enclosed in page 62 of the paper book. As stated earlier, the assessee had derived commission from both sale of e-stamps and sale of physical stamps. The details of commission received by the assessee are as under:-

Sh. Janardhan Prasad Details of Commission Shown in Part A-P And L Page 5 of Return of Income For Ass. Year 2017-18			
S. No.	Particulars	Amount(in Rs.)	Remarks
1	As per Form 26AS paid by SHCIL- 15p per Rs. 100 of e-stamps sold.	51676	-
2	Balance 85p per 100 of e	292831	(51676*85)/15

	stamps paid by Treasury, Govt, of Uttarakhand:		
3	Balance figure of Commission received of Physical Stamps sold:	246721	This is Rs. 2/- per Rs. 100/- of physical stamps sold i.e. stamps of Rs. 1,23,36,050 were sold during the fin. Year 2016-17
	Total Commission shown at Point1(A)(ii) of Return of Income.	591228	

6. The assessee has shown this commission received of Rs. 5,91,228/- as income in the profit and loss account and had claimed certain business expenses and disclosed net profit of Rs. 4,95,197/- thereon. This commission income and net profit has been accepted by the revenue without any dispute. Further, the assessee had furnished the complete cash flow statement for the period from April to June 2016, as under:-

MONTH	APRIL'2016	MAY'2016	JUNE'2016
OPENING BALANCE			
-STOCK OF STAMPS	2,97,290.00	-	-
-CASH IN HAND	1,19,606.00	6,36,326.00	1,54,486.00
(A)'	4,16,896.00	6,36,326.00	1,54,486.00
CASH INFLOW:			
-STOCK HOLDING	18,06,580.00	19,97,600.00	19,43,290.00
-PHYSICAL STAMP(NOTE 1)	10,28,000.00	10,28,000.00	10,28,000.00
(B)	28,34,580.00	30,25,600.00	29,71,290.00
CASH OUTFLOW:			
-CASH DEP	19,05,000.00	25,00,000.00	- 20,00,000.00
-PHYSICAL STAMP (NOTE 2 & 3)	7,10,150.00	10,07,440.00	10,07,440.00
(C)	26,15,150.00	35,07,440.00	30,07,440.00
CLOSING BALANCE (A+B-C)	6,36,326.00	' 1,54,486.00	1,18,336.00

7. From the above, it is very clear that there was absolutely no negative cash balance and the assessee had sufficient source of cash to explain the cash deposits made during the period April to June 2016. Hence, there is no cash deficit to the extent of ₹6,57,530/-. Accordingly, the addition made by

the AO in the sum of ₹6,57,530/- is hereby deleted. Grounds raised by the assessee are allowed.

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

Order pronounced in the open court on 29/08/2024.

-Sd/-  
**(VIMAL KUMAR)**  
**JUDICIAL MEMBER**

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 29/08/2024  
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi