

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER  
AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No.3520/Del/2024  
Assessment Year: 2017-18

Income Tax Officer, Ward-43(1), Delhi	<b>Vs.</b>	MOBI TRADELINK, B-7/108, West Side, Najafgarh Park, Najafgarh, Delhi
		<b>PAN :AAYFM6468L</b>
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	None
Department by	Sh. B.S. Anand, Sr. DR

Date of hearing	27.11.2024
Date of pronouncement	06.12.2024

**ORDER**

**PER SATBEER SINGH GODARA, JM**

This Revenue's appeal for assessment year 2017-18, arises against the Commissioner of Income Tax (Appeals)-National Faceless Appeal Centre [in short, the "CIT(A)-NFAC"], Delhi's DIN and order No. ITBA/NFAC/S/250/2024-25/1065517136(1) dated 10.06.2024 involving proceedings under section 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

2. Case called twice. None appears at the assessee's behest. We accordingly proceeded ex-parte against him.

3. The Revenue pleads the following substantive grounds in the instant appeal:

1. *On the facts and in the circumstances of the case and in law the learned CIT(A) has erred in deleting the addition of Rs.1,72.30,300/- u/s 68 of the Income Tax Act, 1961 ("the Act"). The Id. CT(A) erred in considering that the cash deposit in old currency (Specified Bank Notes) in the bank account of Rs. 12,00,000/- on 17.11.2016, Rs. 15,00,000 on 19.11.2016, Rs 21,63,000 on 23.11.2016 and Rs. 42,000- on 15.12.2016 was from the balance available as on 09.11.2016. Whereas such delay and breakup in depositing cash in old currency (Specified Bank Notes) in the bank account by the assessee is not justified.*

*On the facts and in the circumstances of the case and in law, the learned CIT(A) has erred in appreciating the fact that the assessee has not submitted any documentary evidence in support of his claim of cash sales made during the year though Bills/invoices cash book etc. To substantiate the cash deposit in the bank account."*

3. *"On the facts and in the circumstances of the case and in law, the learned CIT(A) has erred in deleting the addition of Rs. 16.745-on account of lower net profit".*

4. *"On the facts and in the circumstances of the case and in law, the learned CIT(A) has erred in deleting the addition of Rs. 85.4948-on account of delayed payment charges when the nature of such charges is not explained by the assessee".*

5. *The appellant craves, leave of reserving the right to amend, modify, alter, add or forego any grounds of appeal at any time before or during the hearing of appeal".*

4. We are next taken to the CIT(A)-NFAC's detailed discussion reversing assessment findings making section 68 unexplained cash credits addition of Rs.1,72,30,000/- in course of assessment framed on 25.12.2019, as under:

**“6.4 Ground no. 6, 7 & 8:** *These are related to the claim that the AO erred in making an addition of Rs. 1,72,30,000/- u/s 68 read with section 115BBE of the Act for alleged total cash deposit during the demonetization period.*

**6.4.1** *The appellant has mentioned in grounds of appeal that the appellant had filed its return of income on the basis of Audited Financial Statements in which the banking transactions had been duly considered and hence, the AO ought not to have made an addition of Rs. 1,72,30,000/- u/s 68 read with section 115BBE of the Act ignoring the past history of the appellant for the assessment years 2014-15 to 2016-17 and in spite of the observation of the AO in the assessment order that the appellant was engaged as wholesaler and retailer of FMCG Products.*

*The appellant has also mentioned that the AO erred in ignoring the documentary evidence of VAT returns filed by the appellant declaring the sales as per audited financial statements in support of its claim of affecting sales in cash during the year under appeal and Cash deposit certificate issued by Bank mentioning the cash deposit in new currency during the demonetization period.*

**6.4.2** *As has been noted in assessment order also, the nature of business of the appellant was wholesaler and retailer of FMCG products and it has declared sales/gross turnover of Rs. 18,36,41,838/- during FY 2016-17. Considering the average turnover per month, the sales in two months of November & December 2016 would be about Rs. 3 crores. Considering the nature of business of the appellant, the AO has not refuted the fact that most of such sales would be in cash. Thus, cash deposits of Rs. 1,72,30,000/- during demonetization is less than the average sales affected by the appellant in this period.*

*It is also noted that cash-in-hand as on 31/03/2016 was Rs. 22,63,786/- while cash-in hand as on 31/03/2017 was Rs. 20,06,432/- which also indicate that the appellant had affected cash sales not only during the months of demonetization but in other months and previous years also. These figures of cash-in-hand also indicate that cash deposits of Rs. 1,72,30,000/- over the period of demonetization was not out of character for the business of the*

appellant. The AO has also not questioned the VAT/sales returns filed by the appellant & produced before the AO vide submissions dated 18/12/2019.

The appellant had filed comparison of cash deposits in bank accounts during demonetisation & other period of FY 2016-17 as well as in corresponding period of FY 2015-16, vide submissions dated 18/12/2019. Such comparison is reproduced below:

**M/s Mobi Tradelink**  
**Assessment Year 2017-18**  
**Detail of Cash Deposit during the F.Y. 2015-16**

S. No.	Bank Account No.	Amount (In Rs.)		
		Cash Deposit from 01.04.2015 to 08.11.2015	Cash Deposit from 09.11.2015 to 31.12.2015	Cash Deposit from 01.01.2016 to 31.03.2016
1	Nainital Bank Limited, A/c No. 6000000000155	53,133,000.00	10,411,500.00	22,361,850.00
2	Karnataka Bank Limited, A/c No. 5532000100056301	6,984,500.00	659,000.00	4,714,500.00
	<b>Total</b>	<b>60,117,500.00</b>	<b>11,070,500.00</b>	<b>27,076,350.00</b>

**M/s Mobi Tradelink**  
**Assessment Year 2017-18**  
**Detail of Cash Deposit during the F.Y. 2016-17**

S. No.	Bank Account No.	Amount (In Rs.)		
		Cash Deposit from 01.04.2016 to 08.11.2016	Cash Deposit from 09.11.2016 to 31.12.2016	Cash Deposit from 01.01.2017 to 31.03.2017
1	Nainital Bank Limited, A/c No. 6000000000155	52,201,900.00	16,700,500.00	34,006,200.00
2	Karnataka Bank Limited, A/c No. 5532000100056301	300,000.00	-	-
	<b>Total</b>	<b>52,501,900.00</b>	<b>16,700,500.00</b>	<b>34,006,200.00</b>

The above shows that cash deposits were regular feature of business of the appellant and cash deposit in FY 2016-17 (including demonetization period) was not substantially & materially different from FY 2015-16.

Most importantly, the AO has mentioned that cash deposits of Rs. 1,72,30,000/- was made during the demonetization period but the AO has not alleged that all such cash deposit was in specified bank notes

*(SBNs) which would not have been available with the appellant after 08/11/2016. In fact, from perusal of the ITBA system, it is seen that the appellant had made submissions before the AO on 29/11/2019 wherein the details regarding cash deposits during demonetization were filed and it was explained that such deposits were in regular course of business transactions and were deposited partly in legal tenders and not entirely in SBNs. Also, before the AO, appellant had filed bank certificate dated 23/12/2019 from Nainital bank to support its claim that cash deposits were as below:*

<b>Date</b>	<b>Particulars</b>	<b>Amount (In Rs.)</b>	<b>Remarks</b>
08-11-2016	Cash (Legal Tender)	1,100,000.00	Legal Tender
17-11-2016	CASH OLD CURRENCY	1,200,000.00	Deposited out of balance available as at 09.11.2016
19-11-2016	CASH OLD CURRENCY	1,500,000.00	Deposited out of balance available as at 09.11.2016
23-11-2016	CASH OLD CURRENCY	2,163,000.00	Deposited out of balance available as at 09.11.2016
01-12-2016	Cash (Legal Tender)	400,000.00	Legal Tender
03-12-2016	Cash (Legal Tender)	910,000.00	Legal Tender
05-12-2016	Cash (Legal Tender)	104,000.00	Legal Tender
09-12-2016	Cash (Legal Tender)	735,000.00	Legal Tender
09-12-2016	Cash (Legal Tender)	998,000.00	Legal Tender
13-12-2016	Cash (Legal Tender)	1,780,000.00	Legal Tender
15-12-2016	Cash (Legal Tender)	165,000.00	Legal Tender
15-12-2016	CASH OLD CURRENCY	42,000.00	Received from Debtors
15-12-2016	Cash (Legal Tender)	8,000.00	Legal Tender
17-12-2016	Cash (Legal Tender)	1,200,000.00	Legal Tender
19-12-2016	Cash (Legal Tender)	345,000.00	Legal Tender
20-12-2016	Cash (Legal Tender)	691,000.00	Legal Tender
21-12-2016	Cash (Legal Tender)	252,000.00	Legal Tender
22-12-2016	Cash (Legal Tender)	996,000.00	Legal Tender
22-12-2016	Cash (Legal Tender)	320,000.00	Legal Tender
26-12-2016	Cash (Legal Tender)	534,000.00	Legal Tender
28-12-2016	Cash (Legal Tender)	1,390,000.00	Legal Tender
30-12-2016	Cash (Legal Tender)	397,000.00	Legal Tender
	<b>Total</b>	<b>17,230,000.00</b>	

*Thus, cash deposits during demonetization period (in SBNs) were only Rs. 49,05,000/- and the same were explained by way of routine business transactions, were commensurate with earlier year cash deposits during same period, were also commensurate with cash-in-hand reflected in balance sheets of the appellant for this year and last year.*

*Thus, considering the above discussion, addition of Rs. 1,72,30,000/- made by the AO is hereby deleted. Ground no. 6, 7 & 8 of appeal are allowed.”*

5. We have given our thoughtful consideration to the Revenue's pleadings as well as the assessee's stand adopted all along the cash deposits made during demonetization amounting to Rs.1,72,30,000/- in fact represented its cash sales/gross turnover having total figures of Rs.18,36,41,838/- during financial year 2016-17. We find from a perusal of the case file that the assessee had submitted all the relevant details of its stock in trade, corresponding sales, sale registered, cash flow statement as well as cash-in-hand accounts to buttress the point that its old currency deposited during demonetization is not liable to be added under section 68 of the Act.

6. The Revenue's stand, on the other hand, is that it was the assessee's onus only to plead and prove all the relevant facts by satisfying the genuineness/creditworthiness of its explanation tendered during scrutiny as per PCIT v. NRA Iron & Steel Pvt. Ltd (2019) 412 ITR 161 and Sumati Dayal Vs. CIT (1995) 214 ITR 801 (SC). We find no merit in the Revenue's instant former substantive ground once it has come on record that the assessee had duly explained the source of these cash deposits to regular trading activity in electronics business etc. by filing all the relevant details,

which have gone unrebutted from departmental side. The Revenue fails in its instant first and foremost substantive grievance in very terms.

7. Next come the latter issue of addition of Rs.16,745/- made by the Assessing Officer on account of lower net profit show during the year.

8. We find from the CIT(A)-NFAC's lower appellate direction in paragraph 6.2 to 6.2.1 that the assessee's net profit ratio herein is 0.18% as against 0.15% and 0.27% in the immediately preceding assessment years and therefore, there is no abnormal decline which could attract the addition made in its hands. We accordingly reject the Revenue's instant substantive ground as well in very terms.

8. This Revenue's appeal is dismissed.

***Order pronounced in the open court on 6<sup>th</sup> December, 2024***

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

***Sd/-***  
**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

Dated: 6<sup>th</sup> December, 2024.

RK/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi