

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'A': NEW DELHI  
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT  
AND  
SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No.2859/Del/2023**  
**(ASSESSMENT YEAR 2017-18)**

Aluco Panels Limited, 43, First Floor, Bharat Nagar, New Friends Colony, New Delhi-110 065. PAN:AAHCA 4441M	Vs.	Income Tax Officer, Ward-2(1), Delhi
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	Shri Ved Jain, Adv., Shri Ayush Garg, CA and Ms. Uma Upadhyaya, CA
Department by	Shri Yogesh Kumar Nayyar, Sr. DR

Date of Hearing	11/12/2024
Date of Pronouncement	27/12/2024

**ORDER**

**PER BENCH:**

This appeal by Assessee is arising out of the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) Delhi in appeal No. CIT(A), Delhi-1/10638/2019-20 vide order dated 14/08/2023. Assessment was completed by Income Tax Officer, Ward-2(1), Delhi for Asst. Year 2017-18 u/s 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') vide his order dated 27/12/2019.

2. The only issue in this appeal of assessee is as regards to order of CIT(A) confirming the addition of Rs.4,69,89,820/- made by the AO on account of cash deposit in the bank account and treating the same as unexplained credits by invoking the provisions of section 68 of the Act and taxing the same u/s 115BBE of the Act. For this, assessee has raised various grounds which are argumentative, factual and exhaustive. Hence, no need to be reproduced.

3. The brief facts of the case are that the assessee-company is engaged in the business of trading in Aluminum Composite Panel and allied items. The assessee filed return of income for the relevant Asst. Year 2017-18 on 21/11/2017 and assessment was completed u/s 143(3) of the Act, thereby making addition of Rs.4,86,62,620/- being cash deposit made by the assessee company in its bank accounts during demonetization period u/s 68 of the Act as unexplained cash credits by the AO. During the course assessment proceedings, the AO required the assessee-company to furnish various details with regard to cash sales, cash deposits, purchases, sales, cash withdrawals from bank etc. during the financial year 2015-16 and 2016-17 relevant to Asst. Year 2016-17 and 2017-19, the present assessment year. The Assessing Officer, after analyzing the details furnished by the assessee-company, disbelieved the contentions of the assessee-company and made addition on following two items:-

(i) Cash deposit to the extent of Rs.3,39,39,820/-, representing revision in VAT return of Delhi Office for Quarter ending 30.09.2016, and

(ii) Cash deposit to the extent of Rs.1,30,50,000/-, representing cash deposits in various branches of the assessee-company.

Aggrieved by the order of the AO, the assessee filed appeal before CIT(A). The CIT(A) also confirmed the action of AO by observing as under: -

*“Decision: In this case, the addition has been made by the Assessing Officer worth Rs.4,69,89,820/- on account of cash deposited during demonetization period. The appellant was requested to produce books of accounts, details of cash sale, copy of cash book by Assessing Officer. The Assessing Officer found that there is substantial increase in cash deposits during the year compared to last year. The appellant company even revised the VAT Return in second quarter. The appellant mentioned that it is due to clerical error. The appellant company did not produce sale bills and other invoices before the Assessing Officer. Hence, the Assessing Officer came to the conclusion that the appellant is not selling vegetables but earning the income from undisclosed sources.*

*5.1 Now before me in the appellate proceedings, written submission has been filed. Similar submission which was filed before Assessing Officer has been filed before me. The appellant has filed written submission before me and relied upon various case laws of Hon'ble Delhi High Court, Hon'ble ITAT Bangalore and Hon'ble ITAT Kolkata. I have gone through these case laws. They are not related to the deposits made during demonetization period. In all these case laws, there is mention that since the appellant has made cash sales and hence cash deposits cannot be added as unexplained money. In this case, the cash deposits have been made during demonetization period. The Assessing Officer has clearly made out the case that in earlier years, similar deposits have not been made in the months of October and November. Books of accounts including cash book, bank book have not been produced before me. Comparison with last year sales has not been given. Return of Income of last assessment year has not been filed before me. Even VAT Returns of earlier years have not been filed before me. Invoices have not been filed to co-relate purchases with the sales. Hence, the entire cash deposit during the period of demonetization period remains unexplained. Hence, the addition of the Assessing Officer is confirmed and the appeal of the appellant is dismissed.”*

Aggrieved, assessee is in appeal before Tribunal.

4. We have heard the rival contentions and gone through the facts and circumstances of the case. We have perused the record including assessment order, CIT(A)'s order and paper book filed by assessee consisting of 1048 pages. We noticed from the Paper Book of assessee that the assessee has filed details of cash deposit in various bank accounts branch-wise in the following banks:-

1. Axis Bank
2. IDBI Bank
3. State Bank of India
4. HDFC Bank Limited
5. ICICI Bank-A/c No.306
6. ICICI Bank-A/c No.1737

We noted that the assessee has revised the VAT Returns which is reproduced as under:-

*The VAT return for the quarter July, 2016 to September, 2016 was revised after demonetization period and was necessitated due to clerical mistake. There was no revision in purchases in any of the quarters. The complete month-wise detail of Opening Stock; Purchases, Sales and Closing Stock for Financial Year 2015- 16 and 2016-17 was also furnished during the course of assessment proceedings, which implies that the assessee-company had sufficient stocks at all times and revision in VAT is not an after-thought.*

*The assessing officer has accepted the books of accounts furnished by the assessee-company and no defect has been pointed out by the assessing officer. The assessing officer has summarily rejected the contentions of the company without putting on record any material defect in the books of accounts maintained by the assessee-company which have been audited and duly supported by documentary evidences.*

We examined that the assessee has produced the cash book, purchase book, ledger account including monthly stock statement furnished before the Assessing Officer during the course of assessment proceedings. The assessee-company has been making purchases against tax paid invoices from identified parties and there

was no revision in purchase in any quarter, which is indicative of the fact that the assessee-company was carrying stock as declared in the monthly stock statements furnished by the assessee and, therefore, the revision of VAT return was not an afterthought. The assessee submitted bifurcation of cash sales and credit sales for Financial Year 2015-16 and Financial Year 2016-17 which was duly furnished during the course of assessment proceedings which reads as under:

<b>Particulars</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Cash Sales	27,82,16,988/-	29,45,90,372/-
Credit Sales	33,09,26,112/-	49,91,45,197/-

After examining the bifurcation of cash sales and credit sales, it is evident that cash sales for the year under appeal are slightly more when compared with immediately preceding year, whereas credit sales are consequently higher. The cash sales for the year under appeal are 45.67% of total sales whereas for immediately preceding year cash sales are 37.11 of total sales. It is to be noted that sales during Q2 (as per original VAT return) was at Rs.5,23,51,660/-, whereas sale during same Q2 for immediately preceding year was at Rs. 3,71,82,506/. It clearly shows that some error has crept in while filing VAT return for Q2 for the year under appeal. The assessee has enclosed copy of VAT return for Q2 i.e., original and revised, which are attached in the PB. The assessee-company is maintaining one sale book which has both cash and credit sales, hence, there is no justification to doubt the revision of VAT returns.

5. It is also an admitted fact that the assessee is maintaining monthly stock statement furnished by assessee during the course of

assessment proceedings, it is clear that stock was getting built up for the period since August, 2015 from around Rs.11-12 Crs. to 24-25 Crs. in June, 2016. Since, stock was getting stock with the company, it started to liquidate the old stock, month-wise stock statement, quantity wise and quality wise i.e., pending value of opening stock, purchases sales and closing stock for the year under consideration. We noted that all purchases and sales are duly supported with quantitative details which were furnished during the assessment proceedings. Purchases and sales are interlinked with stock and inseparable. Once purchases and stocks have been accepted by the Department, there is no reason to disbelieve the sales. In view of the above, we are of the considered view that the addition made by AO of cash sales is just on the basis of surmises and conjectures and without rebutting the evidences filed by the assessee. It is also noted that complete party wise sales for all purchases for the period of 01/04/2016 to 08/11/2016 was also furnished and Assessing Officer has not found any fault or defect in the books of account maintained by assessee which has been duly audited and supported by evidences. Once there is no defect pointed out in the books of accounts by the AO, the cash sales made cannot be doubted. Hence, we delete the addition made by AO of cash deposit to the extent of Rs.3,39,39,820/- representing out of sales disclosed in the VAT returns.

6. Coming to next issue of cash deposit of Rs.1,30,50,000/- representing cash deposit on account of various purchases of the assessee company, we noted that the assessee had filed complete

party-wise sales for all the branches for the period from 01/04/2016 to 08/11/2016, which was also furnished during the assessment proceedings. The relevant details are filed with the Paper Book of the assessee. We also noted that books of account have been maintained regularly in the normal course of business and duly audited. Once there is no defect in the books, we are of the view, as observed, the cash deposit to the extent of Rs.1,30,50,000/- is out of sales. Hence, we delete this addition also.

7. In the result, the appeal filed by Assessee is allowed.

Order pronounced on 27<sup>th</sup> December, 2024.

Sd/-

**(S. RIFAUR RAHMAN)**  
**ACCOUNTANT MEMBER**

Dated: 27/12/2024

*Pk/sps*

Copy forwarded to:

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

Sd

**(MAHAVIR SINGH)**  
**VICE PRESIDENT**

ASSISTANT REGISTRAR  
ITAT, NEW DELHI