

**THE INCOME TAX APPELLATE TRIBUNAL  
DEHRADUN BENCH "SMC", NEW DELHI  
BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL  
MEMBER AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**  
(Through Video Conferencing)

**ITA No. 224/DDN/2024**  
(Assessment Year: 2019-20)

<b>Ritu Singhal,</b> 34F, Narndra Vihar, kaulagarh Road, Uttarakhand	Vs.	DCIT/ ACIT, Central Circle, Dehradun
(Appellant)		(Respondent)
<b>PAN:BAYPS8429Q</b>		

Assessee by :	Shri Harshit Gupta, CA
Revenue by:	Shri S. K. Chaterjee, CIT DR
Date of Hearing	19/03/2025
Date of pronouncement	09/04/2025

O R D E R

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

1. The appeal in ITA No. 224/DDN/2024 for AY 2019-20, arises out of the order of the Commissioner of Income Tax (Appeals)-3, Noida [hereinafter referred to as 'Id. CIT(A)', in short] dated 26.11.2024 against the order of assessment passed u/s 147 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 13.02.2024 by the Assessing Officer, DCIT, Central Circle, Dehradun (hereinafter referred to as 'Id. AO').
2. The only effective issue to be decided in this appeal is as to whether the Id CIT(A) was justified in conforming the addition of Rs. 7,01,769/- u/s 69A read with Section 115BBE of the Act in the facts and circumstances of the instant case.

3. We have heard the rival submissions and perused the material available on record. The assessee filed her return for AY 2019-20 u/s 139(1) of the Act on 30.10.2019 declaring total income of Rs. 49,16,660/-. The assessee is engaged in the business of running a petrol pump under the name and style of M/s Guru Kripa Filling Station at Dehradun. A search and seizure operation was conducted at the residential and business premises of the assessee on 17.12.2021. The assessee deposited salary of employees into their respective bank account directly. The withdrawals from these accounts were managed by the employees themselves with the assistance of the assessee's manager Mr. Sandeep Sangal. During the course of search, passbooks along with ATM cards of some employees were found and seized from the premises of the assessee. Statements were also recorded from two employees. Based on these statements and passbooks and ATMs of the some employees found at the time of search, the Id AO made addition of Rs. 14,63,000/- as unexplained money u/s 69A of the Act read with Section 115BBE of the Act. Further, the Id AO made an addition of Rs. 12,045/- on account of bank interest credited in the employees bank account.

4. The assessee explained that during the course of search, the bank statement/ passbooks and ATM Cards of following persons were found and seized:-

- i. Uday Singh
- ii. Om Prakash
- iii. Kamal Singh
- iv. Jeet Singh Negi
- v. Ramesh Chadra Sharma
- vi. Suresh Kumar
- vii. Kartar Singh

- viii. Anuj Kumar
- ix. Manish
- x. Naresh
- xi. Dhan Singh Negi
- xii. Bagh Singh
- xiii. Dhananjai Singh

5. Further, during the course of post search proceedings, statements of certain employees were recorded. Those employees were Shri Dhananjai Singh and Shri Anurag Verma. Shri Dhananjai Singh was employed with assessee during the relevant year under consideration. However, Shri Anurag Verma was not employed with the assessee during the year under consideration and that is why the passbook and ATM Card of Shri Anurag Verma was not found at the time of search. The assessee explained the modus operandi adopted by her for making salary payment to the employees by directly crediting the amounts to the bank account of the employees and since, the employees are illiterate people, they use the assistance of assessee's manager to make withdrawals from their bank account as and when funds are required for them. The bank accounts were opened at the behest of the assessee for the employees with a scheduled bank so as to ensure that the salary payments are made by the assessee without violating the provisions of Section 40A(3) of the Act. While opening the bank account for the employees, their PAN cards and Aadhar Cards with the address proof were given by them to the assessee who in turn handed over the same to the bank as KYC information and documents. It was submitted that from the bank statement of the employees it could be clearly seen that salary has been regularly credited by the assessee on month to month basis whereas, the withdrawals from the bank accounts were made as and when required by the employees. The bank statements and ATM

Cards of some of the employees were in the possession of the assessee only to ensure withdrawals as and when required by the employees on their behalf. Accordingly, it was pleaded that assessee cannot be stated to be the owner of the monies lying in the bank account of the employees. It was submitted that assessee does not have any control over the usage of the funds lying in bank account of the employees.

6. The Id CIT(A) granted partial relief to the assessee to the extent of Rs. 7,73,276/- on account of cash withdrawals and sustained the addition of Rs. 7,01,769/- which remains credited in the account of the employees on the ground that those employees are controlled by the assessee.

7. First of all, the addition has been made by the lower authorities u/s 69A of the Act, for which purpose the revenue is duty bound to prove that assessee is the owner of the monies lying to the credit of bank account of the employees. It is not in dispute that additions sustained by the Id CIT(A) to the tune of Rs. 7,01,769/- represent amounts lying to the credit of the employees of the assessee. The assessee is having control over its employees only for the limited purpose of extracting the work from them for the salary paid to them. The assessee has given a plausible explanation by explaining the modus operandi which remain undisputed that bank accounts were opened in the name of the employees with the scheduled bank wherein, the salaries are directly credited in the employees bank account. The assessee had also given explanation that passbooks and ATM cards of some employees found at the time of search in view of the fact that the assessee's manager Shri Sandeep Sangal was assisting those employees to enable them to withdraw cash from the bank account as and when they required the monies. This certainly amounts to a plausible explanation. In any event, the assessee cannot be construed as a person owning the said cash lying in the bank account of the employees of the assessee. It is not

the case of the revenue that the employees does not exist at all whereby the assessee had merely used certain names of persons in fictitious names and had taken money from the system in the form of booking of salary. This proposition argued by the Id AR has lot of force in view of the fact that employees were indeed found present at the time of search itself and statements were even recorded from them in post search proceedings. Hence, we have no hesitation to hold that the monies lying in the bank account of the employees of the assessee are owned and belonging only to the employees and not the assessee herein. Accordingly, the provisions of Section 69A of the Act per se could not be pressed into service. Consequentially there is no requirement at all for the assessee to explain those credits in the bank account under any provisions of the Act. Accordingly, the 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 09/04/2025.

-Sd/-

**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

-Sd/-

**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 09/04/2025  
A K Keot

Copy forwarded to

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

ASSISTANT REGISTRAR  
ITAT, New Delhi