

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'H(SMC)'
BENCH MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
MS PADMAVATHY S, ACCOUNTANT MEMBER**

**ITA No.751/Mum/2025
(Assessment Year :2016-17)**

Mr. Gaurav Sunil Mansinghani 503, Nivaan, S.V. Road, Khar West Mumbai – 400 052	Vs.	Income Tax Officer, Ward 22(1)(1) Mumbai
PAN/GIR No.BQPPM1278L		
(Appellant)	..	(Respondent)

Assessee by	Ms. Rupal Shah
Revenue by	Shri Sunil Mathews, Sr. DR
Date of Hearing	15/04/2025
Date of Pronouncement	22/04/2025

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The aforesaid appeal has been filed by the assessee against order dated 13/12/2024 passed by Addl/ JCIT-4, Kolkata for the quantum of assessment passed u/s.143(3) for the A.Y.2016-17.

2. In the grounds of appeal assessee has challenged the addition of Rs.4,33,564/- by treating the debit balance in the ledger account of the broker as 'income' of the assessee.

3. The brief facts qua the issue involved are that assessee is into business of trading in F & O. He has filed his return of income on 06/12/2016 declaring total income of Rs.3,71,820/-. Before the ld. AO assessee has filed financial statement of stock broker, Anurag Stock Broking Pvt. Ltd., from such statement AO inferred that assessee has profit of Rs.4,33,564/-. He has considered the closing debit balance as profit of Rs. 4,33,564/-. Without giving any reasons that how it is an income, he has made the addition of Rs.4,33,564/-. Ld. CIT (A) has dismissed the appeal *exparte*.

4. Before us ld. Counsel has submitted that the ld. AO has misunderstood and misinterpreted the ledger account of the broker and in support he has filed the ledger account of the assessee in the books of the broker wherein the closing balance as on 31/03/2016 was a debit balance of Rs.4,33,563.98. This means this amount was to be received by the broker from the assessee. In the assessee's books it was credit balance which means there was a liability to pay to the broker. Thus, the closing debit balance in the books of the broker of Rs.4,33,563.98 could not have been treated as 'income' of the assessee.

5. From the perusal of the said statement which was filed before the ld. AO it is seen that the ledger account of the assessee in the books of the broker there was a running account for debit and credit entries through which assessee had been doing

trading of F & O. At the year end of 31/03/2016 there was a debit balance of Rs.4,33,563.98 with the following narration:-

NM005	29/02/2016	SJ9227	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		2047843.5	273608.46
NM005	03-01-16	SJ9227	NSE_FNO BILL ENTRY FOR FO-20160229	269368		4240.46
NM005	03-01-16	SJ9228	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1972570.02		-1968329.56
NM005	03-01-16	SJ9228	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		2067572.52	99242.96
NM005	03-02-16	SJ9306	NSE_FNO BILL ENTRY FOR FO-20160301	162543		-63300.04
NM005	03-02-16	SJ9307	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1684557		-1747857.04
NM005	03-02-16	SJ9307	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1972570.02	224712.98
NM005	03-03-16	SJ9229	NSE_FNO BILL ENTRY FOR FO-20160302		210192	434904.98
NM005	03-03-16	SJ9230	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1868794.49		-1433889.51
NM005	03-03-16	SJ9230	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1684557	250667.49
NM005	03-04-16	SJ9230	NSE_FNO BILL ENTRY FOR FO-20160303		4447	255114.49
NM005	03-04-16	SJ9231	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1752192.99		-1497078.5
NM005	03-04-16	SJ9231	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1868794.49	371715.99
NM005	03-08-16	SJ9231	NSE_FNO BILL ENTRY FOR FO-20160304		210638	582353.99
NM005	03-08-16	SJ9232	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	2157661.51		-1575307.52
NM005	03-08-16	SJ9232	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1752192.99	176885.47
NM005	03-09-16	SJ9232	NSE_FNO BILL ENTRY FOR FO-20160308	239652		-62766.53
NM005	03-09-16	SJ9233	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1960196.98		-2022963.51
NM005	03-09-16	SJ9233	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		2157661.51	134698
NM005	03-10-16	SJ9233	NSE_FNO BILL ENTRY FOR FO-20160309	973		133725
NM005	03-10-16	SJ9234	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1887464.24		-1753739.24
NM005	03-10-16	SJ9234	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1960196.98	206457.74
NM005	03-11-16	SJ9234	NSE_FNO BILL ENTRY FOR FO-20160310		27102	233559.74
NM005	03-11-16	SJ9235	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1862353.51		-1628793.77
NM005	03-11-16	SJ9235	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1887464.24	258670.47
NM005	14/03/2016	SJ9235	NSE_FNO BILL ENTRY FOR FO-20160311	172669		86001.47
NM005	14/03/2016	SJ9236	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1798968.02		-1712966.55
NM005	14/03/2016	SJ9236	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1862353.51	149386.96
NM005	15/03/2016	SJ9236	NSE_FNO BILL ENTRY FOR FO-20160314		2634	152020.96
NM005	15/03/2016	SJ9237	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1729237.5		-1577216.54
NM005	15/03/2016	SJ9237	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1798968.02	221751.48
NM005	16/03/2016	SJ9238	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1729237.5	1950988.98
NM005	16/03/2016	SJ9238	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1829004.02		121984.96
NM005	17/03/2016	SJ9238	NSE_FNO BILL ENTRY FOR FO-20160316	5746		116238.96
NM005	17/03/2016	SJ9239	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1829004.02	1945242.98
NM005	17/03/2016	SJ9239	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	2008366.75		-63123.77
NM005	18/03/2016	SJ9239	NSE_FNO BILL ENTRY FOR FO-20160317	31621		-94744.77
NM005	18/03/2016	SJ9240	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		2008366.75	1913621.98
NM005	18/03/2016	SJ9240	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1806094.51		107527.47
NM005	21/03/2016	SJ9240	NSE_FNO BILL ENTRY FOR FO-20160318	9736		97791.47
NM005	21/03/2016	SJ9241	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1580341.5		-1482550.03
NM005	21/03/2016	SJ9241	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1806094.51	323544.48
NM005	22/03/2016	SJ9241	NSE_FNO BILL ENTRY FOR FO-20160321		278150	601694.48
NM005	22/03/2016	SJ9242	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1580341.5	2182035.98
NM005	22/03/2016	SJ9242	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1870868.24		311167.74
NM005	23/03/2016	SJ9242	NSE_FNO BILL ENTRY FOR FO-20160322		652	311819.74
NM005	23/03/2016	SJ9243	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1812871.01		-1501051.27
NM005	23/03/2016	SJ9243	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1870868.24	369816.97
NM005	28/03/2016	SJ9243	NSE_FNO BILL ENTRY FOR FO-20160323		8177	377993.97
NM005	28/03/2016	SJ9244	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1843110		-1465116.03
NM005	28/03/2016	SJ9244	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1812871.01	347754.98
NM005	29/03/2016	SJ9244	NSE_FNO BILL ENTRY FOR FO-20160328		5210	352964.98
NM005	29/03/2016	SJ9245	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1925498.98		-1572534
NM005	29/03/2016	SJ9245	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1843110	270576
NM005	30/03/2016	SJ9270	NSE_FNO BILL ENTRY FOR FO-20160329	5776		264800
NM005	30/03/2016	SJ9271	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	2047648.76		-1782848.76
NM005	30/03/2016	SJ9271	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1925498.98	142650.22
NM005	31/03/2016	SJ9289	NSE_FNO BILL ENTRY FOR FO-20160330		5904	148554.22
NM005	31/03/2016	SJ9290	NSE_FNO BILL ENTRY FOR FO-20160331		397663	546217.22
NM005	31/03/2016	SJ9290	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	1773340.25		-1227123.03
NM005	31/03/2016	SJ9290	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		2047648.76	820525.73
NM005	31/03/2016	SJ9291	NSE_FNO BILL DEBIT MARGIN ENTRY FOR FO-	2160302		-1339776.27
NM005	31/03/2016	SJ9291	NSE_FNO BILL CREDIT MARGIN ENTRY FOR FO		1773340.25	433563.98

6. Thus, it was F & O bill credit margin that means broker has to receive the money from the assessee. Similarly, there is a credit balance of the same amount in the accounts of the assessee which means there was a liability to pay to the broker. Accordingly, no way a debit balance in the books of the broker can be treated as income of the assessee. Accordingly, addition of Rs.4,33,563.98 is deleted.

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

Order pronounced on 22nd April, 2025.

Sd/-
(PADMAVATHY S)
ACCOUNTANT MEMBER

Mumbai; Dated 22/04/2025
KARUNA, *sr.ps*

Sd/-
(AMIT SHUKLA)
JUDICIAL MEMBER

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,

(Asstt. Registrar)
ITAT, Mumbai