

**THE INCOME TAX APPELLATE TRIBUNAL  
“F” BENCH, DELHI**

**BEFORE MS. MADHUMITA ROY, JUDICIAL MEMBER &  
SHRI KHETTRA MOHAN ROY, ACCOUNTANT MEMBER**

**ITA No.4734/Del/2024  
(Assessment Year: 2017-18)**

Richa Global Exports Private Limited A-41, Mayapur Industrial Area, Phase-1, Delhi – 110064	Vs.	DCIT, Circle 21(2) C.R. Building, ITO, I.P. Estate, New Delhi – 110002
स्थायीलेखासं. / जीआइआरसं. / PAN/GIR No: AADCR0255L		
Appellant	..	Respondent

Appellant by :	Sh. Paritosh Jain, Adv.
Respondent by :	Ms. Harpreet Kaur Hansra, CIT. DR

Date of Hearing	02.06.2025
Date of Pronouncement	05.08.2025

**ORDER**

**PER MADHUMITA ROY, JM:**

The instant appeal filed by the assessee is directed against the order passed by the Ld. CIT(A)-27, New Delhi, dated 12.08.2024 arising out of the Assessment Order passed by the ACIT, Circle – 21(2) Delhi, dated 24.12.2019 under Section 143(3) of the Income Tax Act, 1961 (hereinafter referred to as ‘the Act’) for Assessment Year 2017-18.

2. The dispute resolves around the disallowance of expenditure of Rs.47,08,603/- on account of salary/wages paid to certain employees in cash. The assessee made expenses of Rs.153,98,97,696/- on account of salary and wages paid to the workers/employees; the total cash disbursement amounted to Rs.54,70,304/- during the year under consideration out of which Rs.47,88,603/- were paid to employee whose PAN and any other identity besides name has not been furnished. In the absence of proof of genuineness of such expenses, the payment of Rs.47,08,603/- claimed to have been made by the assessee to its employees/workers remains unverified.

3. Before the First Appellate Authority on this particular aspect of the matter, remand report was called for from the Ld. AO wherein the AO observed that out of the employee benefit expenses of Rs.175,15,69,892/- paid to employees/workers as the wages/salaries. The amount of Rs.47,08,603/- which were paid to the employees PAN or any other identity thereof besides the name has not been furnished by the assessee company. The assessee in reply objected such observation made by the Ld. AO as incorrect and admitted payment of salaries made in cash only of Rs.27,22,390/- in the following manner:

“In this regard we would like to submit that as per list given by the appellant in respect of payment of salary and wages to employee (having no PAN and ESI), the payment of wages/ salaries in cash is Rs. 53,06,189/- (instead of Rs. 54,70,304/-) during the financial year under consideration. Further, the said cash payment of Rs. 53,06,189/- includes reimbursement of expenses incurred in cash of Rs. 16,44,473/- and part payment of salaries / wages to certain employees in cash of Rs. 9,40,723/- and payment of salaries / wages to certain employees in cash only of Rs. 27,22,390/- which are tabulated as under:

Unit	Employees having Bank A/c		Employees without Bank A/c		Reimbursement	Sub-Total	Sub-Total	Total
	Mode Bank	Mode Cash	Mode Bank/Cheque	Mode Cash	Mode cash	Bank	Cash	
	-1	-2	-3	-4	-5	(6) = (1+3)	(7) = (2+4+5)	
Delhi	2,26,009	17,500	-	-	11,60,126	2,26,009	11,77,626	14,03,635
Noida	5,26,348	1,70,019	21,600	1,98,478	4,27,567	5,47,948	7,96,064	13,44,012
Gurgaon	41,49,996	7,53,204	32,386	25,23,912	56,780	41,82,382	33,33,896	75,16,278
	<b>49,02,353</b>	<b>9,40,723</b>	<b>53,986</b>	<b>27,22,390</b>	<b>16,44,473</b>	<b>49,34,739</b>	<b>53,29,186</b>	<b>1,02,63,925</b>

4. The Ld. CIT(A) considering the remand report and the submissions made by the Ld.AO and the reply by the assessee came to the conclusion of expenses of Rs.47,08,603/- remained unexplained/unverified.

5. At the time of hearing of the instant appeal, the Ld. Counsel appearing for the assessee submitted before us that PAN or all other details of identity of those employees were duly furnished to the Ld. AO. However, being low wage worker they do not have bank account which is why the salaries/wages were paid to them in cash; the details of those employees including the cash withdrawals, day to day cash balance in SBI and Axis Bank accounts of the appellant were duly furnished before the Ld. AO and the CIT(A) as well which is also being part of the paper book filed before us were not considered either by the CIT(A) or by the Ld. AO.

On the other hand, the Ld. DR relied upon the order passed by the authorities below.

6. We have heard the rival submissions made by the respective parties and we have also perused the relevant materials available on record. The

revenue has come up in appeal against the assessee basically on the point that the assessee has not submitted the details of employees particularly the identity besides names whom the wages/salaries were paid in cash. However, it appears from the record that the wage/register commencing from pages 40 to 114 of the paper book contains the details of the employees and also the amount paid to them. Further that the details of contribution made by the assessee being the quarterly return filed with Punjab Labour Welfare Fund Act by the assessee have also been placed on record evidencing the details of these employees along with contribution made on their behalf before the authorities below which is appearing from pages 116 to 121. The same was though mentioned by the Ld. CIT(A) while dealing with the remand report placed by the Ld. AO at page 51 of the order impugned, the same was not taken into consideration in its proper perspective. Apart from that we have further perused the order passed by the Ld. AO in assessee's own case for Assessment Year 2013-14, 2014-15 & 2016-17 appearing at pages 122 to 149 wherein no such disallowance was made in respect to the expenditure of employees benefit neither any finding holding the same as bogus by the Ld. AO. We note, that pages 134 to 136 of the paper book containing the order passed by the Ld. CIT(A) in assessee's own case for Assessment Year 2015-16 neither speaks of disallowance of this identical expenditure of employees benefit made by the assessee before us. Thus, having regard to the entire aspect of the matter particularly the above documents which have been duly placed before the authorities below, it is found that the same were not taken into consideration for its proper perspective and in a routine manner the Ld. AO disallowed the same which was in turn confirmed by the Ld. CIT(A) without verifying the same found to be arbitrary and erroneous. The addition, therefore, cannot be

said to be justified particularly having regard to the documents placed by the assessee before the authorities below and before us too as mentioned in the foregoing paragraph in support of the claim made by the assessee. Thus, the same is deleted. Assessee's appeal is allowed.

7. The appeal of the assessee is allowed.

Order pronounced in the open court on 05.08.2025

Sd/-  
(Khettra Mohan Roy)  
ACCOUNTANT MEMBER

Sd/-  
(Madhumita Roy)  
JUDICIAL MEMBER

Dated 05.08.2025

Rohit, Sr. PS

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT NEW DELHI