

**IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH “SMC” : NEW DELHI)**

BEFORE SHRI MAHAVIR SINGH, HON’BLE VICE PRESIDENT

ITA No. 3723/Del/2025
Asstt. Year : 2017-18

Rama Sharma,
2585/197, Old Bus Stand Onkar Nagar,
Tri Nagar, North West Delhi,
Delhi – 110 035
(PAN: ADIPN2367G)
(Appellant)

vs. ITO, Ward-43(8),
Minto Road, New Delhi.

(Respondent)

Appellant by : Shri Aashish Gupta, CA
Respondent by : Shri Sangeet Bansal, Sr. DR.

Date of Hearing	04.08.2025
Date of Pronouncement	04.08.2025

ORDER

This appeal has been filed by the Assessee against the order dated 07.04.2025 passed by the NFAC, Delhi for the assessment year 2017-18 on the following ground:-

“That the addition made by the AO on the grounds of Section 69A i.e. unexplained money is grossly erred and bad in law and against the facts and circumstances of the case. The amount in question is already declared by the assessee while filing his ITR and the same has been explained vide submissions given at the time of adjudication. That the invocation of section 69A in the present case is not justified.”

2. Heard both the parties at length and perused the relevant records.

3. Brief facts of the case are that the assessee filed her ITR for the concerned AY declaring Total Income of Rs. 2,64,700/-. The case of the assessee was selected for scrutiny under CASS for the reasons "cash deposit during demonetization period". Accordingly, notices u/s. 143(2) and 142(1) of the Act were issued to the assessee to which replies were filed by the assessee. The assessee had deposited cash of Rs. 35,67,970/- in her current bank account maintained with the Union Bank of India (UBI) (A/c. No. 467901010037036) in the name of her proprietorship concern M/s. Adee Enterprises and Rs. 4,83,000/- in (PNB) in her individual name (A/c. No. 1513006900003992) during demonetization period. The source of the said cash deposits in her bank accounts were explained by the assessee before the AO as sale proceeds of her business of trading in the items of confectionary and household savings. It was also the claim of the assessee that she had deposited currency notes of new denominations in her bank accounts during demonetization period. To verify this claim of the assessee, the AO called for the bank deposit slips and observed that amount of cash deposited by her in her bank

account maintained with UBI in legal tender of denominations of INR 2000, 100, 50, 20 and 10 totalled to Rs. 16,25,110/- Further sum of Rs. 2,77,000/- was found to be deposited by her on 08.11.2016 i.e. before demonetization was announced. The AO accepted the source of cash deposits to the tune of Rs. 19,02,110/- (Rs. 16,25,110/- +2,77,000/-). However, with respect to the balance sum of Rs. 21,48,860/-, and with respect to sum of Rs. 5,95,000/- claimed to be sourced by the appellant out of her household savings, the AO was not satisfied with the source of the same. He, therefore, completed the assessment proceedings by passing an Order u/s. 143(3) dated 28.12.2019 by adding sum of Rs. 27,43,860/- (Rs. 2148860/- + 5,95,000/-) to the Total Income of the assessee u/s. 69A of the Act. Against this action of the AO, assessee preferred the appeal before the Ld. CIT(A) who vide his impugned order dated 07.04.2025 has dismissed the appeal of the assessee. Aggrieved, assessee filed the appeal before the Tribunal.

4. At the time of hearing, Ld. AR has submitted that the amount deposited in bank were the sale proceeds of the goods traded in the business of the assessee and were duly recorded in the books of accounts. It was further submitted that on the sale of goods, VAT was

duly paid to the government account and income arising out of trading business were duly offered to tax by the assessee vide her Income Tax Return filed for the AY 2017-2018 on 22.10.2017 vide acknowledgement number 251022001221017 declaring a total income of Rs. 264,700/-. The cash deposited in the bank were duly explained by the assessee vide its replies dated 17.01.2022 followed by submission dated 18.05.2022, substantiating the fact that the amount deposited in the bank account was duly recorded in the books of accounts of the assessee as sale of goods traded. For supporting this fact, Cash ledger of the assessee along with the sample sale and purchase invoices were duly submitted vide reply dated 18.05.2022. Further, the assessee has also substantiated on the fact that the assessee has deposited cash to the tune of Rs. 40,50,970/-, during the period 09.11.2016 to 31.12.2016, out of which Rs. 35,67,970/- was deposited in the current account held with Union Bank of India, and Rs 4,83,000/- was deposited in the savings account held with Punjab National Bank. The total cash deposited in the current account held with Union Bank of India is Rs. 35,67,970/-, out of which Rs. 4,40,000/- were in the Specified Bank Notes and the Balance of Rs. 31,27,970/- were either in new currency or the running notes of Rs. 500, Rs. 100, Rs. 50,

Rs. 20 or Rs. 10 (Details already provided vide reply dated 17.01.2022 along with the copy of Deposit Slips of Bank). It was further submitted that the assessee has deposited Rs. 4,83,000/- in her savings account maintained with the Punjab National Bank. As already mentioned during the assessment proceedings, the same were in the Specified Bank Notes and were out of her past savings of Rs. 5,95,000/-, she has saved from her household expenses or gifts received from relatives for the future of herself and her family. The same shall not be added to her current year income, as it will be in-genuine hardship on the assessee. In light of the above facts, it is humbly submitted that the addition made by the AO is bad in law and against the facts and circumstances of the case and needs to be deleted. In support of the above contentions, Ld. AR filed the copy of bank account statement of Union Bank of India for the period 17.11.2016 to 31.3.2017; copy of bank account statement of Punjab National Bank for the period 4.8.2016 to 31.3.2011; copy of purchase register for the period 3.11.2016 to 31.3.2017; copy of sale register for the period 5.11.2016 to 31.3.2017; copy of stock register for the period 3.11.2016 to 31.3.2017 and copy of sample purchase and sale bills. It was submitted that during the demonetization period assessee had made

cash deposits of Rs. 35,67,970/- in the Union Bank of India and Rs. 4,83,000/- in Punjab National bank. The said amounts has been deposited in lieu of resultant of sale proceeds of goods of general trade parlance and a sum of Rs. 5,95,000/- was deposited in respect of household savings (personal nature). However, in the respective year the assessee had deposited the total cash of Rs. 11,455,900/- in his accounts through the sale proceeds of retails sale of business goods of Rs. 10,780,287/- which was duly reported in the financial statements of the assessee, which clearly establish explanations relating to source of cash deposits through the sale proceeds of retail sale of business goods being deposited during the demonetization period, therefore, he prayed that addition of Rs. 27,43,860/- may be deleted. Per contra, Ld. DR relied upon the orders of the authorities below.

5. I have heard both the parties and perused the records. I have given my thoughtful consideration to the assessee's arguments and Revenue's contention in support of the impugned addition. After carefully perusing the Paper Book filed by the assessee before me, I find plausible contention of the assessee's AR, as discussed above, that there is sufficient justification/explanation

relating to source of cash deposits through the sale proceeds of retail sale of business goods being deposited during the demonetization period, therefore, the addition of Rs. 27,43,860/- deserve to be deleted. I hold and direct accordingly.

6. The instant assessee's appeal is allowed.

Order pronounced in the Open Court on 04.08.2025.

Sd/
(MAHAVIR SINGH)
VICE PRESIDENT

Date: 06.08.2025

SRBhatnagar

Copy forwarded to: -

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

Assistant Registrar, ITAT,
Delhi Bench