

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES: E : NEW DELHI

BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER

ITA No.4052/Del/2024
Assessment Year: 2022-23

Mohammad Aasif,
37, Shivaji Nagar,
Philkuwa,
Hapur – 245 304.

Vs DCIT,
Central Circle,
Meerut.

PAN: CBIPA2043J

(Appellant)

(Respondent)

Assessee by	: Dr. Rakesh Gupta, Advocate & Shri Somil Agarwal, Advocate
Revenue by	: Shri Vipul Kashyap, Sr. DR
Date of Hearing	: 06.08.2025
Date of Pronouncement	: 13.08.2025

ORDER

PER ANUBHAV SHARMA, JM:

This appeal is preferred by the assessee against the order dated 23.07.2024 of the Commissioner of Income-tax (Appeals)-3, Noida (hereinafter referred to as the Ld. First Appellate Authority or 'the Ld. FAA', for short) in Appeal No.CIT (Appeal)Noida-3/10041/2021-22 arising out of the appeal before it against the order dated 11.03.2024 passed u/s 143 (3) of the Income

Tax Act, 1961 (hereinafter referred to as 'the Act') by the DCIT, Central Circle, Meerut (hereinafter referred to as the Ld. AO).

2. On hearing both the sides, we find that the basic facts are that the present assessee along with two other persons, Shri Imran Ahmad and Shri Irshad were found to be in possession of Rs.53,40,600/- by SHO, Gajraula who had informed the Income-tax Officer (Investigations), Ahroha on 24.02.2022. On the basis of the same, the present reopening assessment was concluded. It comes up that the amount of Rs.53,40,600/- as received by the Police was shown to be recovered from the assessee and two persons named above individually, in the hands of the assessee of Rs.18-19 lakhs, in the hands of Shri Irshad of Rs.14 lakhs and in the hands of Shri Imran Ahmad of Rs.21 lakhs. They had claimed and tried to explain this amount on the basis of the fact that they were engaged in the business of selling fruits and vegetables and assessee also claimed for dealing in the scraps. The assessee has claimed to be proprietor of M/s Ishika Enterprises.

3. Now, in the case of Imran Ahmad and Shri Irshad, vide ITA No.4075 & 4077/Del/2024, by order dated 26.06.2025, a coordinate Bench had restricted the addition of Rs.21 lakhs to Rs.3,50,000/- and Rs.14,40,600/- to Rs.2,50,000/. The coordinate Bench had observed in the case of these two persons that they have not been able to prove the corresponding reconciliation of their respective business turnover vis-à-vis the cash amount seized herein. Ld. DR has heavily relied the same.

4. However, before us, the Id. AR has established on the basis of the paper book pages 4 and 5 and copy of submissions dated 29.02.2024 in response to show cause notice dated 28.02.2024 wherein the AO was informed that the assessee keep books of account in the ordinary course of business which was duly audited by the Chartered Accountants. At page Nos.6 to 22, copy of tax audit report, cash book, journal, ledgers, purchase register and sales registers being examined for preparation of tax audit report is mentioned. The Id. AR has pointed out that in the balance sheet of M/s Ishika Enterprises, the cash amount of Rs.18 lakhs was shown in the 'other current affairs.' The Id. AR has pointed out that the assessee had taken up a GST number which was required for dealing in the scrap on 03.04.2021, well before the cash was intercepted. The GST return in that regard was also made part of the paper book. The Id. AO has doubted the balance sheet on the basis that the same is afterthought prepared after seven months for which the Id. AR has submitted that the balance sheet and tax audit report were to be prepared according to the timeline and there is nothing unusual.

5. Thus, what is established is that the assessee was maintaining regular books of accounts which have been duly audited by independent Chartered Accountant and the said books of accounts were not rejected by the AO during the assessment proceedings leading to the conclusion that the sale reported have been accepted. The cash book once provided to the AO has not been examined to indicate any discrepancies and mismatch from the bank account or otherwise

from the trading and loss account. When the nature of trading of the assessee in fruits and vegetables with farmers of different villages is accepted the same very much justified holding cash by the assessee. As such purchases from the farmers were on cash basis. In the light of aforesaid merely on bald assumptions, the assessee cannot be made liable for holding unexplained cash. The decision rendered in case of two other persons is distinguishable on facts. The grounds are sustained. The appeal is allowed. Impugned addition is quashed.

Order pronounced in the open court on 13.08.2025.

Sd/-

(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Sd/-

(ANUBHAV SHARMA)
JUDICIAL MEMBER

Dated:13th August, 2025.

dk

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi