

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "E": NEW DELHI
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER
AND
MS MADHUMITA ROY, JUDICIAL MEMBER**

ITA No. 5904/Del/2024
(Assessment Year: 2017-18)

Mayank Gupta. Flat No. 54, Sweet Home Society, Sector-14, Rohini, Delhi-110085	Vs.	ACIT, Circle-35(1), Delhi
(Appellant)		(Respondent)
PAN: AINPG6601Q		

Assessee by :	Shri Ved Jain, Adv Ms. Uma Upadhyay, CA
Revenue by:	Shri Dheeraj Kumar Jain, Sr. DR
Date of Hearing	24/07/2025
Date of pronouncement	27/08/2025

ORDER

PER M. BALAGANESH, A. M.:

1. The appeal in ITA No.5904/Del/2024 for AY 2017-18, arises out of the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. NFAC', in short] in Appeal No. ITBA/NFAC/S/250/2024-25/1070360977(1) dated 14.11.2024 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 26.1.2019 by the Assessing Officer, AO, Delhi (hereinafter referred to as 'Id. AO').
2. The only effective issue to be decided in the appeal is as to whether the Id NFAC was justified in confirming the addition of ₹7,99,88,030/- on account of cash sales under section 68 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 is an individual engaged in the business of manufacturing of fabric, trading of yarn and selling of yarn on commission basis under the name and style of M/s. Ganesh Textile. The return of income for assessment year 2017-18 was filed by the assessee on 19.10.2017 declaring total income of ₹22,48,363/-. The case of the assessee was selected for scrutiny. The assessee during the course of assessment proceedings filed replies dated 11.02.2019 and 20.09.2019 had furnished the following details: –

- A. name and complete address of the business premises of the assessee.
 - b. Nature of business of the assessee
 - c. Bank statement maintained by the assessee with Karur Vysya Bank (3 accounts) and Yes Bank (1 account)
 - d. Monthly GST return in the form of GSTR– 3B of the assessee
 - e. comparative chart showing month-wise cash sales, credit sales, total sales, purchases and cash deposits in the FYs 2015–16 to 2017–18, evidencing the constant trend in the business of the assessee.
 - F. comparative chart showing quarter-wise cash sales, credit sales, total sales, purchases and cash deposits for AYs 2015-16 to 2017-18, evidencing the constant trend in the business of the assessee.
 - G. comparative chart showing ratio of cash sales to total sales for AYs 2015-16, 2016-17 and 2017-18.
4. Thereafter, the assessee further filed reply dated 13.09.2019, 07.12.2019 and 18.12.2019 furnishing month-wise details of sales for AY

2017-18, among others. Month-wise cash movement was also furnished by the assessee before the Id AO in tabular form. From the details furnished by the assessee, the Id AO noted that there has been manifold increase in cash sales during the month of October and November 2016. Further, the assessee was asked to furnish week-wise sales during the demonetization period, which was also duly submitted by the assessee and which is tabulated in page 5 of the assessment order. Owing to substantial increase in cash sales in the month of October and November, the Id AO treated the cash sales of ₹7,49,88,030/- as unexplained income u/s 68 of the Act. This action of the Id AO stood confirmed by the Id NFAC.

5. The only dispute is whether the cash sales made by the assessee in the month of October 2016 and 01.11.2016 to 08.11.2016 could be construed as bogus sales. It is pertinent to note that the cash sales together with credit sales had been recorded in the books of account of the assessee and reflected as part of total turnover of ₹34,08,47,220/-. The registers maintained by the assessee as reflected in Form 3CD are Bank book, Cash book, journal, ledger, purchase register, sales register, Stock register in a computerized format. Quantitative details for the business carried out by the assessee duly reflected in Form 3CD Clause 35 and the ratio of gross profit and net profit are furnished in Clause 40 in Form 3CD. The assessee furnished the complete details of cash sales together with the cash deposited in the bank account up to date of announcement of demonetization and corresponding details of immediately preceding year as under:-

A. Cash deposited in bank

1.1 (a)	Total cash deposited in Bank in F.Y. 2015-16	209,048,000.00
(b)	Total cash deposited in Bank from 01.04.2015 to 08.11.2015	54,299,000.00
(c)	Total cash deposited in Bank from 09.11.2015 to 31.12.2015	37,842,000.00
1.2 (a)	Total cash deposited in Bank in F.Y. 2016- 17	90,963,800.00
(b)	Total cash deposited in Bank from 01.04.2016 to 08.11.2016	19,151,000.00
(c)	Total cash deposited in Bank from 09.11.2016 to 31.12.2016	66,754,000.00
1.3 (a)	Percentage increase between 1.2(a) and 1.1(a)	(56.49)
(b)	Percentage increase between 1.2(b) and 1.1(b)	(64.73)
(c)	Percentage increase between 1.2(c) and 1.1(c)	76.40
B. Cash Sales		
2.1 (a)	Total cash sales in F.Y 2015-16	216,166,240.50
(b)	Total cash sales from 01.04.2015 to 08.11.2015	159,779,053.00
2.2 (a)	Total cash sales in F.Y 2016-17	92,970,636.00
(b)	Total cash sales from 01.04.2016 to 08.11.2016	88,438,220.00
2.3 (a)	Percentage increase between 2.2(a) and 2.1(a)	(56.99)
(b)	Percentage increase between 2.2(b) and 2.1(b)	(44.65)

6. Week-wise, month-wise details of cash sales and cash deposits for the year under consideration with comparative chart of earlier years are tabulated as under:-

C. Analysis of month wise cash sales and cash deposits for FY 2015-16

Month wise	Op. cash in hand	cash sales	Cash deposited in Bank	Cash withdrawal from the Bank	Closing cash in hand
April	1,712,820.14	17,534,096.00	11,660,000.00	-	7,373,612.14
May	7,373,612.14	29,184,073.00	30,177,000.00	-	5,864,201.14
June	5,864,201.14	20,578,479.00	21,571,500.00	-	3,971,441.14
July	3,971,441.14	22,567,763.00	23,056,000.00	-	2,570,485.14
August	2,570,485.14	26,338,240.00	24,930,000.00	-	3,055,471.14
September	3,055,471.14	18,301,284.00	17,124,500.00	-	3,497,461.14
October	3,497,461.14	18,468,318.00	19,443,000.00	-	2,042,172.14
November	2,042,172.14	26,038,878.00	25,294,000.00	-	2,248,325.14
December	2,248,325.14	19,390,524.50	18,885,000.00	-	1,976,607.60
January	1,976,607.60	8,951,590.00	8,844,000.00	-	1,645,962.60
February	1,645,962.60	5,759,714.00	6,267,000.00	-	599,485.60
March	599,485.60	3,068,683.00	1,796,000.00	-	867,873.59

D. Analysis of month wise cash sales and cash deposits for FY 2016-17.

Month wise	Op. cash in hand	cash sales	Cash deposited in Bank	Cash withdrawal from the Bank	Closing cash in hand
April	867,873.59	3,024,484.00	2,676,000.00	-	1,238,716.00
May	1,238,716.00	584,857.00	179,000.00	-	2,761,248.00
June	2,761,248.00	51,413.00	125,000.00	-	2,432,379.00
July	2,432,379.00	431,442.00	70,000.00	-	3,055,722.00
August	3,055,722.00	526,980.00	485,000.00	-	3,027,427.00
September	3,027,427.00	-	711,000.00	-	1,838,379.00
October	1,838,379.00	28,994,958.00	10,453,000.00	-	17,796,335.00
November	17,796,335.00	54,824,086.00	58,219,000.00	-	13,777,814.00
December	13,777,814.00	595,982.00	12,987,000.00	-	1,097,005.00
January	1,097,005.00	680,678.00	17,000.00	-	1,821,020.00
February	1,821,020.00	325,626.00	-	-	2,290,064.00
March	2,290,064.00	2,930,130.00	5,041,800.00	-	201,955.00

E. Analysis of month wise cash sales and cash deposits for FY 2017-18.

Month wise	Op. cash in hand	cash sales	Cash deposited in Bank	Cash withdrawal from the Bank	Closing cash in hand
April	201,955.00	14,566,910.00	14,520,000.00	-	300,159.00
May	300,159.00	7,835,633.00	4,721,000.00	-	3,404,865.00
June	3,404,865.00	2,851,112.00	5,067,000.00	-	1,197,945.00
July	1,197,945.00	-	1,000.00	-	1,086,360.00
August	1,086,360.00	-	76,000.00	-	951,609.00
September	951,609.00	-	10,000.00	-	852,217.00
October	852,217.00	-	-	-	751,572.00
November	751,572.00	-	-	-	610,275.00
December	610,275.00	-	-	-	543,067.00
January	543,067.00	-	1,000.00	-	462,688.00
February	462,688.00	-	-	-	525,660.00
March	525,660.00	-	-	-	435,303.00

Statement of week wise cash sales and cash deposits for between 08th Nov and 31st December of FY 2015-16, FY 2016-17 and FY 2017-18

369

Week wise	Op. cash in hand	cash sales	Cash deposited in Bank	Cash withdrawal from the Bank	Closing cash in hand
8th Nov to 14th Nov	1,524,042.14	4,179,352.00	3,307,000.00	-	2,338,387.14
15th Nov to 21st Nov	2,338,387.14	10,285,422.00	9,960,000.00	-	2,527,234.14
22nd Nov to 28th Nov	2,527,234.14	4,329,358.00	4,500,000.00	-	2,253,332.14
29th Nov to 5th Dec	2,253,332.14	4,766,310.00	5,200,000.00	-	1,652,012.14
6th Dec to 12th Dec	1,652,012.14	4,212,602.00	3,390,000.00	-	2,263,230.14
13th Dec to 19th Dec	2,263,230.14	3,743,005.00	3,830,000.00	-	1,982,205.14
20th Dec to 26th Dec	1,982,205.14	4,319,615.00	3,760,000.00	-	2,444,327.10
27th Dec to 31st Dec	2,444,327.10	3,598,424.50	3,895,000.00	-	1,976,607.60
8th Nov to 14th Nov	63,122,288.00	4,916,918.00	9,836,000.00	-	58,067,250.00
15th Nov to 21st Nov	58,067,250.00	-	35,212,000.00	-	22,714,321.00
22nd Nov to 28th Nov	22,714,321.00	-	6,922,000.00	-	15,653,683.00
29th Nov to 5th Dec	15,653,683.00	-	3,581,500.00	-	11,905,217.00
6th Dec to 12th Dec	11,905,217.00	-	1,780,000.00	-	10,017,760.00
13th Dec to 19th Dec	10,017,760.00	-	3,656,500.00	-	6,350,460.00
20th Dec to 26th Dec	6,350,460.00	-	5,776,000.00	-	551,160.00
27th Dec to 31st Dec	551,160.00	595,982.00	-	-	1,097,005.00
8th Nov to 14th Nov	712,207.00	-	-	-	696,907.00
15th Nov to 21st Nov	696,907.00	-	-	-	654,267.00
22nd Nov to 28th Nov	654,267.00	-	-	-	617,250.00
29th Nov to 5th Dec	617,250.00	-	-	-	597,100.00
6th Dec to 12th Dec	597,100.00	-	-	-	589,444.00
13th Dec to 19th Dec	589,444.00	-	-	-	598,697.00
20th Dec to 26th Dec	598,697.00	-	-	-	564,882.00
27th Dec to 31st Dec	564,882.00	-	-	-	543,067.00

7. First of all, we find that the assessee had duly disclosed the entire cash sales including the cash sales in October 2016 and November 2016, which is considered by the revenue to be abnormal. The total cash sales is part of total turnover disclosed by the assessee in the profit and loss account in the sum of ₹34.08 crores. The books of account of the assessee and book results are not rejected by the revenue. Hence, the cash sales which stood already credited as part of the total sales, if the same is added as bogus u/s 68 of the Act separately, it would only result in double addition. Hence, the addition made by the Id AO deserves to be deleted on this count itself. Further, the assessee had furnished all the relevant documents and complete details. It is not the case of the

revenue that assessee did not have sufficient stocks to effect the cash sales. To the extent of sales made, the stocks had been duly reduced. Hence, the cash sales could not be treated as bogus in the facts and circumstances of the instant case. Further both cash sales as well as credit sales were subjected to VAT/GST and GSTR were also placed on record by the assessee. Hence, we have no hesitation to delete the addition u/s 68 of the Act on account of alleged bogus sales which stands unproved by the revenue. 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 27/08/2025.

-Sd/-
(MADHUMITA ROY)
JUDICIAL MEMBER

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 27/08/2025
A K Keot

Copy forwarded to

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

ASSISTANT REGISTRAR
ITAT, New Delhi