

**IN THE INCOME TAX APPELLATE TRIBUNAL DELHI  
(DELHI BENCH 'E' NEW DELHI)  
BEFORE SHRI YOGESH KUMAR U.S., JUDICIAL MEMBER  
AND  
SHRI AVDHESH KUMAR MISHRA, ACCOUNTANT MEMBER**

**ITA No. 5399/Del/2024 (A.Y. 2017-18)**

Mohit Garg, 14/13, Block-14, Shakti Nagar, Delhi <b>PAN: AQYPG7650G</b>	Vs	Income Tax Officer, Ward 35(2) Delhi
<b>Appellant</b>		<b>Respondent</b>
Assessee by	Sh. Shailesh Gupta, Adv, Sh. Uma Shankar, Adv	
Revenue by	Sh. Dheeraj Kumar Jain, Sr. DR	
Date of Hearing	20/08/2025	
Date of Pronouncement	10/09/2025	

**ORDER**

**PER YOGESH KUMAR, U.S. JM:**

The present appeal is filed by the Assessee against the order of Ld. Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre ('Ld. CIT(A)'/ 'NFAC' for short), dated 01/10/2024 pertaining to the Assessment Year 2017-18.

2. The Grounds of Appeal are as under:-

*"That the Ld. CIT(A) has wrongly confirmed the addition of Rs. 50,18,000.00 u/s 68 of the Income-tax Act, 1961 as unexplained cash deposited in the bank."*

3. The Assessee filed return of income of Rs. 6,48,510/-. The case of the Assessee was selected for scrutiny under CASS. An assessment order came to be passed u/s 143(3) of the Income Tax Act, 1961 ('Act' for short) by making an addition u/s 68 of the Act to the tune of Rs. 50,18,000/- on account of cash deposits made during the demonetization

period. Aggrieved by the assessment order dated 30/12/2019, the Assessee preferred an Appeal before the Ld. CIT(A). The Ld. CIT(A) vide order dated 01/10/2024, dismissed the Appeal of the Assessee. As against the order of the Ld. CIT(A), the Assessee preferred the present Appeal on the grounds mentioned above.

4. The Ld. Counsel for the Assessee submitted that books of accounts of the Assessee has not been rejected and the Assessee has declared the cash sales as business income and duly paid the tax. The Ld. Counsel further submitted that either the A.O. or the Ld. CIT(A) have not disputed the sale reported in DVAT and the assessee has also paid VAT taxes, the Lower Authorities have not found any discrepancy in the VAT returns. Thus submitted that the addition confirmed by the Ld. CIT(A) deserves to be deleted. Further, the Ld. Counsel relying on various judicial precedents, sought for allowing the Appeal.

5. Per contra, the Ld. Departmental Representative submitted that on comparison of the cash deposits made during the Financial Year 2016-17 with the cash deposit made during the Financial Year 2015-16 it is found by the Lower Authorities that the Assessee has made huge amount of cash deposits during the Financial Year 2016-17 specially during the demonetization period and nature and the source of such deposits made in the bank account were not explained by the Assessee. Therefore, the

addition has been made u/s 68 r.w. Section 115BBE of the Act which has been rightly confirmed by the Ld. CIT(A), thus submitted that the order impugned requires no interference at the hands of the Tribunal.

6. We have heard both the parties and perused the material available on record. The Ld. A.O. made an addition of Rs. 50,18,000/- u/s 68 of the Act on account of cash deposited during the demonetization period. During the year under consideration, the Assessee had total turnover of Rs. 1,27,04,293/- the said turnover has been duly reported in Assessee's balance sheet and in Profit and Loss account. Out of the above turnover, the Assessee had made cash sales of Rs. 77,22,622/.

7. It is pertinent to note that the Assessee is a retailer engaged in trading of Kirana Items. The Assessee also filed quarter VAT returns, wherein cash sales have been included in total sales of the said quarter. It was the case of the Assessee before the A.O. that the amount so deposited was due to cash sales and cash withdrawals and the VAT return along with bank statements were also submitted before the A.O.

8. As could be seen from the assessment order, at no point of time the A.O. questioned the fact of cash withdrawal from the bank or disputed the genuineness of the cash sales reported in the Profit and Loss account maintained by the Assessee. It is also not in dispute that

during the Financial Year 2015-16 Rs. 1,01,53,256/- and during Financial Year 2016-17 to Rs. 1,27,04,293/- was the sales turnover which shows that there is no material deviation except normal growth in the business. The total cash deposits in the year under consideration was Rs. 52,18,000/- out of which Rs.39,37,000/- was deposited out of the opening balance as on 31/10/2016 and remaining Rs. 12,81,000/- was claimed to be cash sales during the month of November, 2016.

9. Further the Ld. A.O. has also accepted cash deposits in the previous year and also in the year concerned before the period of demonetization. The A.O. has not even questioned the stock register and the books of account and accepted the genuineness of the sale reported in DVAT and actual VAT tax has been paid thereon by the Assessee. Therefore, we are of the considered opinion that the A.O. committed error in bringing the cash sales under the purview of Section 68 r.w. Section 115BBE. Therefore, the impugned addition is hereby deleted by allowing the Grounds of Appeal of the Assessee.

10. In the result, Appeal of the Assessee is allowed.

**Order pronounced in the open court on 10<sup>TH</sup> September, 2025**

**Sd/-**

**(AVDHESH KUMAR MISHRA)  
ACCOUNTANT MEMBER**

Date:- 10.09.2025

R.N, Sr.P.S\*

**Sd/-**

**(YOGESH KUMAR U.S.)  
JUDICIAL MEMBER**

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT, NEW DELHI