

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

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT

ITA No. 3119/Del/2025

Asstt. Year : 2017-18

Venkateswarlu Chandu,
B-905, Best Paradise, Plot No. 4,
Bhartiya CGHS, Sector-19,
Dwarka, Delhi – 110 075
(PAN: ACDPC4984A)

vs. DCIT, CC-43(1),
New Delhi

(Appellant)

(Respondent)

Appellant by : Sh. Rajat Jain, CA & Sh. Akshat Jain, CA
Respondent by : Shri Manoj Kumar, Sr. DR.

Date of Hearing	03.09.2025
Date of Pronouncement	12.09.2025

ORDER

This appeal has been filed by the Assessee against the order dated 24.04.2025 passed by the NFAC, Delhi for the assessment year 2017-18. The solitary issue raised in this appeal is relating to sustaining of addition of Rs. 9,99,000/- made by the AO u/s. 69C of the Act.

2. Brief facts of the case are that the assessee e-filed his return of income for the assessment year 2017-18 on 31.10.2017, declaring total income of NIL. Subsequently, the case was selected for Limited scrutiny through CASS and statutory notices were issued to the assessee. During the course of assessment proceedings, the Assessee submitted that he earned an agriculture income of Rs. 23,10,000/- and this receipt was deposited in cash to pay for the bills of credit care in his bank located in Delhi. On perusal of the submissions filed by the assessee it was observed by the AO that the assessee earned agriculture income in cash Nellipudi Village, Andhra Pradesh. In response to requisite notices, AO noted

that assessee explained the agricultural income, but he failed to provide satisfactory reply for credit card payments made in cash. Therefore, the cash payments of Rs. 9,99,000/- made by the assessee against credit card bills was added to the income of the assessee for AY 2017-18 on account of explained expenditure as envisaged in Section 69C of the Act. Against the same, assessee preferred the appeal before the Ld. CIT(A), who agreed with the view of the AO that it is highly improbable for appellant to earn agriculture income at Nellipudi Village, Andhra Pradesh and bring cash all way from there to Delhi for depositing when he could have simply deposited from nearest bank branch from Nellipudi Village Andhra Pradesh for which the appellant gave no probable explanation as to why he got the cash all way 1800 kms from Nellipudi Village, Andhra Pradesh to Delhi. He noted that few payments were made at Hyderabad, Vijaywada, Guntur and Secunderabad. Aggrieved, assessee filed the appeal before the Tribunal.

3. During the hearing, Ld. AR has submitted that Ld. CIT(A) erred in confirming the addition of credit card payments in cash of Rs. 9,90,000/- made by the AO u/s. 69C of the Act being unexplained expenditure merely on the basis of doubt, suspicion, conjecture and surmises by arbitrarily rejecting the explanation submitted the assessee in respect of source of payment of credit card in cash by applying the test of human probabilities and surrounding circumstances without bringing any cogent evidence on record to prove the contrary. He further submitted that the said addition being unexplained expenditure without appreciating the fact that the said payments were made out of agriculture income earned during the year which was duly accepted by the AO during the course of assessment proceedings. Ld. DR relied upon the orders of the authorities below.

4. In view of the above, I find force in the contention of the Ld. AR that addition was made merely on the basis of doubt and suspicion by rejecting the explanation submitted by the assessee in respect of source of payment of credit card in cash by applying the test of human probabilities and surrounding circumstances without bringing any cogent evidence on record to prove the

revenue's stand. I further note that addition in dispute being unexplained expenditure is without appreciating the fact that the said payments were made out of agriculture income earned during the year which was duly accepted by the AO during the course of assessment proceedings and which was also reiterated by the Ld. CIT(A) in his order at page no. 2, which in my view, seems to be sufficient explanation for payment of credit card payment from the source of agricultural income. It is noted that the source of payment is not disputed and addition was made only on presumption basis, which is not tenable. In view of this factual matrix and in the interest of justice, in my considered opinion, the addition of Rs.9,99,000/- deserves to be deleted. I hold and direct accordingly. Resultantly, the ground raised by the assessee is allowed.

5. In the result, the instant assessee's appeal is allowed.

Order pronounced in the Open Court on 12.09.2025.

Sd/-
(MAHAVIR SINGH)
VICE PRESIDENT

Date: 12.09.2025

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

Assistant Registrar, ITAT,
Delhi Bench