

**IN THE INCOME TAX APPELLATE TRIBUNAL,
AGRA BENCH, AGRA**

**BEFORE : SHRI M. BALAGANESH, ACCOUNTANT MEMBER
AND
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER**

ITA No. 102/Agr/2025
Assessment Year: 2022-23

DCIT, Circle 4(1)(1), Aligarh.	Vs.	Bharat Varshney, 1, D-33, Industrial Estate, ITI Road, Aligarh.
PAN : ABVPV1654M		
(Appellant)		(Respondent)

Department by	Sh. Sukesh Kumar Jain CIT(DR)
Assessee by	Sh. Pankaj Gargh, Advocate

Date of hearing	20.08.2025
Date of pronouncement	29.09.2025

ORDER

PER : SUNIL KUMAR SINGH, JUDICIAL MEMBER:

This appeal has been preferred by revenue against the impugned order dated 16.12.2024 passed in Appeal No. NFAC/2021-22/10340101 by the Ld. Commissioner of Income-tax (Appeals), NFAC, Delhi u/s. 250 of the Income-tax Act, 1961 (hereinafter referred to as "the Act") for the assessment year 2022-23, wherein learned CIT(Appeals) has allowed assessee's first appeal and deleted the addition made by the Assessing Officer.

2. Brief facts state that the assessee runs a proprietary business in the name of M/s. G.M.C. Enterprises, which deals in scrap trading of ferrous and non-ferrous metals. Assessee filed his return of income for the year under

consideration, declaring total income at Rs.31,42,150/-. The case was selected for compulsory scrutiny under CASS with the reason – “Low income from TCS receipts – Scrap”. Statutory notices were issued and served upon the assessee. Assessee responded in part. Show cause notice dated 07.03.2024 was also issued to the assessee as per following description :

“The total credits in the bank account were Rs 35,23,96,425/- after reducing the sweep entries. Further during the year you have received loans, as submitted by you, of Rs. 1,65,25,555- hence remaining credits are Rs. 33,58,70,870/-. As per the P&L account the total sales are Rs. 26,96,55,183/- and the sundry debtors are at Rs. 1,80,52,525/ hence the consideration received towards sales are Rs.25,16,02,658/- and the sundry debtors of last year (Considered as realized) are RS. 1,65,25,555/ The total receipts are RS. 26,81,28,213/- Hence difference in receipts of Rs. 6,77,42,657/- (335870870-26,81,28,213) are proposed to be treated as unexplained credits and accordingly brought to tax u/s. 68 r.w.s. 115BBE of the act, 1961. Please show cause why the same should not be brought to tax.....”

3. After considering the assessee’s submissions, learned Assessing Officer observed that the assessee had failed to furnish the reconciliation statement for the credits in the bank account and receipts as per the books of account. The unexplained credits amounting to Rs.6,77,42,657/- were thus added u/s. 68 of the Act to the returned income.

4. Aggrieved assessee preferred an appeal before learned CIT(Appeals), who, after considering assessee’s submissions passed speaking order and deleted the aforesaid addition.

5. Revenue is in second appeal before this tribunal against the impugned order dated 16.12.2024 on the following grounds :

“1. That the CIT(A) has erred on facts and in law in appreciating the claim of the assessee that a short loan of Rs. 1,61,75,000/-credited in his bank account from Gvan Metal Co. during the year without examining the fact that no lender in the name of Gvan Metal Co. is mentioned under point no. 31a of the audit report of the assessee. Therefore, the CIT(A) has wrongly deleted the addition at Rs. 6,77,45,526/- on this basis.

2. That the CIT(A) has erred on facts and in law in appreciating the claim of the assessee that entire short loan of Rs. 1,61,75,000/- was repaid during the year without examining the fact that no payee in the name of Gvan Metal Co. is mentioned under point no. 31c of the audit report of the assessee. Therefore, the CIT(A) has wrongly deleted the addition of Rs 6,77,45,526/-on this basis.

3. That the CIT(A) has erred on facts and in law in not recording its findings on the issue of sundry debtors of last year ie. 31.03.2021, amounting to Rs. 1,65,25,555/-, which is essential to ascertain the correct unexplained amount as the AO added an amount of Rs. 1,65,25,555/-, being sundry debtors as on 31.03.2021 considering it as realized, in the sales amounting to Rs. 25,16,02,658/ for the A.Y 2022-23, whereas the assessee contended that the AO wrongly assumed that the sundry debtors of last year have been realized Therefore, the CIT(A) has wrongly deleted the addition of Rs. 6,77,45,526/- on this basis.

4. That the order of the CIT(A) dated 16.12.2024 is bad in law and deserves to be set aside as it is based on an incorrect appreciation of facts and without proper consideration of the facts available on records i.e. audit report.

5 That the appellant craves leave to add or delete or alter or modify any one or more ground(s) of appeal during the appellate proceedings.”

6. Perused the records and heard learned CIT/DR for the revenue and learned representative for the assessee.

7. The main point for determination on the basis of all the grounds taken in this revenue's appeal is as to whether learned CIT(Appeals) has erred in deleting the impugned amount without examining the assessee's claim of

short loan of Rs.1,61,75,000/- and repayment thereof and further by ignoring the issue of sundry creditors to the extent of Rs.1,65,25,255/- during the year under consideration?

8. Learned DR for the revenue has submitted that the assessee had failed to submit the reconciliation statement for the credits in the bank account and receipts as per the books of accounts before the Assessing Officer. Hence, the Assessing Officer has rightly added the unexplained credits in the income of the assessee. Ld. DR has submitted that the Id. CIT(Appeals) did not afford an opportunity to the department for verification of the additional evidence in respect of the details of GST on sales, VAT refund and reconciliation/bank statements for the verification and prayed to restore the matter back to learned Assessing Officer for the verification of the same and passing order afresh in accordance with law.

9. Learned AR has submitted that there is no factual or legal error in the impugned order passed by Id. CIT(Appeals). Prayed to dismiss the appeal.

10. After having gone through the records and having heard learned representatives for both the parties, it transpires from the perusal of records that learned CIT(Appeals) marshaled all the factual records on the right course and track. Paras 6 to 6.2.1 of the impugned order are relevant, and are being narrated as under :

“.....6. DECISION: I have carefully considered the facts of the case, grounds of appeal and written submissions uploaded by the appellant. The ground wise decision on the appeal preferred by the appellant is as under:

6.1.....

6.2. Vide Ground No-2 the appellant has disputed the quantum of addition and claimed that on facts and in the circumstances of the case and as per law, the addition of Rs.6,77,42,657/- u/s 68 of the Act, amounts credited in bank Accounts is wrong, illegal and contrary to the facts. In support of the claim the appellant furnished the reconciliation of the credits in the Bank account vis-a-vis the receipts as per P&L Account (i.e. as per the audited Books of Account). The appellant further stated that the bank entries credited, do not represent sales figures solely but involves any other figures like GST, Loans, internal bank transfers and contra entries etc., and reconciled the difference of Rs.6,77,45,526/- vide submission dated 18.09.2024. For clarity on the issued the break-up of the reconciliation is reproduced as under:

i) GST on sales	Rs. 4,85,37,933/-
ii) VAT Refund	Rs. 62,692/-
iii) Internal Bank Transactions	Rs. 16,75,000/-
iv) Excess amounts refunded by Trade Creditors	Rs. 4,76,386/-
v) Sweep Bank Interest	Rs. 50,684/-
vi) Short loan	Rs. 1,61,75,000/-
vii) Contra Entry of TDS	Rs. 42,200/-
viii) Contra entries, cheques returned	Rs. 7,25,631/-
Total credits other than sales	Rs.6,77,45,526/-

6.2.1. In support of the above the appellant furnished the GST details, Vat Refund details, Ledgers of loan with corresponding Bank statements, and copy of Bank statement highlighting the transactions. On detailed examination of the submissions of the appellant it is observed that the details furnished by the appellant match with corresponding bank statements and thus the appellant has been able to corroborate the claims made in the grounds filed and submissions made. The Assessing Officer ought to have applied due diligence that the credits in the Bank Account cannot be exact reflection of the sales figures since many factors such as GST, VAT, Loans, internal bank transfers and contra entries etc. can make a real difference in the Bank Credits vis-a-vis sales recorded in Books. Thus, the Assessing Officer was not Justified in making the addition of Rs. 6,77,45,526/- without giving due consideration to the above factors. Therefore, on the issue of quantum addition of the appeal, Ground No-2 of the appeal is allowed, and the Assessing Officer is directed to delete the addition Rs. 6,77,45,526/-”

11. The afore quoted impugned order goes to show that the learned CIT(Appeals), having co-terminus powers of the assessing officer, found the details furnished by the assessee matched with the corresponding bank statements after examining the reconciliation of credits in the bank account vis-à-vis the receipts as per P & L account. Ld. CIT(Appeals) has left no stone unturned to take out the grain from the chaff. This apart, any omission in mentioning the name of lender/payee in the audit report cannot be made basis to discard assessee's cogent documentary evidence. The impugned order does not suffer from any illegality. The aforesaid point is accordingly determined in negative against the revenue and in favour of the assessee.

12. In the result, the revenue's appeal is dismissed.

Order pronounced in the open court on 29.09.2025.

Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER

Dated: 29.09.2025

*aks/-

Copy forwarded to:

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

Asst. Registrar, ITAT, Agra