

आयकर अपीलिय अधिकरण  
दिल्ली पीठ "एस एम सी", दिल्ली  
श्री विकास अवस्थी, न्यायिक सदस्य

IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "SMC", DELHI  
BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER  
आअसं.7001/दिल्ली/2025 (नि.व. 2017-18)  
ITA No.7001/DEL/2025 (A.Y.2017-18)

Shokat Ali,  
D-54, Gali No. 2, Noor Aillahi, North Ghonda,  
New Delhi 110053

PAN: ADGPA-3353-H

..... अपीलार्थी/Appellant

बनाम Vs.

Assessing Officer, Ward-60(7),

Assessed by Ward 60(5), Vikas Bhawan, Delhi 110002

..... प्रतिवादी/Respondent

अपीलार्थी द्वारा/Appellant by : None

प्रतिवादीद्वारा/Respondent by : Shri Manoj Kumar, Sr. DR

सुनवाई की तिथि/ Date of hearing : 15/12/2025

घोषणा की तिथि/ Date of pronouncement : 02/01/2026

आदेश/ORDER

**PER VIKAS AWASTHY, JM:**

This appeal by the assessee is directed against the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi [in short 'the CIT(A)'] dated 02.09.2025, for Assessment Year 2017-18.

2. Brief facts of the case as emanating from documents on record: The assessee filed his return of income for A.Y. 2017-18 on 15.02.2018 declaring total income of Rs.5,70,680/-. The case was selected for limited scrutiny under CASS on the issue of cash deposits during the demonetization period. During assessment proceedings, the Assessing Officer noted that the assessee had deposited cash amounting to Rs.30,01,000/- during demonetization period in his bank account. The Assessing Officer (AO) issued various notices u/s. 143(2) and 142(1) of the Act

calling upon the assessee to explain the source of cash deposits. However, the assessee failed to furnish any explanation and supporting documentary evidence regarding the source of such cash deposits. The AO treated the cash deposits of Rs.30,01,000/- as unexplained money u/s.69A of the Act and added the same to the total income of the assessee. The AO also invoked the provisions of section 115BBE of the Act. Aggrieved, the assessee filed an appeal before the CIT(A). In appellate proceedings, the assessee filed written submissions contending that the cash deposits were made out of cash sales. The CIT(A), after examining the submissions, cash book and sales details, observed that substantial cash sales were shown immediately prior to demonetization without any corresponding sales in earlier months, and that the sales were unverifiable. The CIT(A) held that the assessee failed to satisfactorily explain the source of cash deposits and accordingly confirmed addition of Rs.30,01,000/- made under section 69A of the Act r.w.s 115BBE of the Act.

3. Shri Manoj Kumar, representing the department vehemently defended the impugned order and prayed for dismissing appeal of the assessee. The Id. DR submits that no documentary evidences were furnish by the assessee to substantiate that the cash deposits were from cash sales. The Id. DR pointed that the assessee has disclosed total sales of Rs.47.64 lakhs during the FY 2016-17, out of aforesaid total sales, cash sales of Rs.27,03,906/- was in the month of October 2016 only i.e. just before the announcement of demonetization and Rs.2,01,476/- in the month of September 2016. The assessee has failed to show uniform pattern of cash sales in the entire year. No cash sales were shown by the assessee from April to August 2016.

4. Submissions made by Id. DR heard, orders of the authorities below examined. The short issue in the present appeal by the assessee is addition on account of cash deposits aggregating to Rs.30,01,000/- during the period of demonetization. During the course of assessment proceedings, no substantive submissions were made by the assessee explaining the source of cash deposits. Hence, the AO made addition of the entire cash deposits of Rs.30,01,000/- u/s.69A r.w.s. 115BBE of the Act. During First Appellate proceedings, the assessee explained that the source of cash deposits are cash sales during the relevant period. The CIT(A) observed that the assessee has disclosed cash sales of Rs.2,01,476/- for the month of September 2016 and cash sales of Rs.27,03,906/- for the month of October 2016. There were no cash sales from April to August 2016. The total sales shown by the assessee during the FY 2016-17 is Rs.47,64,791/- and has reflected net profit of Rs.4,75,630/-. Taking into consideration entire facts of the case, I am of considered view that explanation furnished by the assessee that the case deposits during demonetization are from cash sales cannot be accepted in totality. At the same time, the entire cash deposits cannot be added as the assessee in his return of income has declared total income of Rs.5,70,680/- out of which gross profit from sales as per the impugned order is Rs.4,75,630/-. The AO has accepted the fact that the assessee is engaged in business and his income from sale has also been accepted. To meet the ends of justice, I deem it appropriate to estimate cash deposits from cash sales to the extent of 20% of total cash deposits only. Thus, the assessee gets relief of Rs.6,00,200/- and addition of balance cash deposits is confirmed.

5. I find that the AO has invoked provisions of section 115BBE of the Act. The Hon'ble Madras High Court in the case of *SMILE Microfinance Ltd. vs. ACIT, WP*

(MD) No.2078 of 2022 decided on 19.11.2024 has held that amendment to section 115BBE of the Act would come into effect from 01.04.2017 i.e. relevant to AY 2018-19 onwards. Thus, in the impugned assessment year un-amended provisions of section 115BBE of the Act would apply.

6. In the result, appeal of the assessee is partly allowed.

Order pronounced in the open court on Friday the 02<sup>nd</sup> day of January, 2026.

Sd/-

(VIKAS AWASTHY)

न्यायिक सदस्य/JUDICIAL MEMBER

दिल्ली/Delhi, दिनांक/Dated 02/01/2026

NV/-

**प्रतिलिपि अग्रेषितCopy of the Order forwarded to :**

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. The PCIT/CIT(A)
4. विभागीय प्रतिनिधि, आय.अपी.अधि., दिल्ली /DR, ITAT, दिल्ली
5. गार्ड फाइल/Guard file.

BY ORDER,

//True Copy//

(Asstt. Registrar) ITAT, DELHI