

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
DELHI BENCH: 'E' NEW DELHI**

**BEFORE SHRI S RIFAUZ RAHMAN, ACCOUNTANT MEMBER  
AND SHRI VIMAL KUMAR, JUDICIAL MEMBER**

ITA No. 5232/Del/2025  
Assessment Year: 2017-18

Income Tax Officer, New Delhi	<b>Vs.</b>	Himanshu Goel, A-1, Acharya Niketan, 2 <sup>nd</sup> Floor, Mayur Vihar, Phase-I, New Delhi PIN: 1100 91
		PAN :AIWPG3348M
<b>(Appellant)</b>		<b>(Respondent)</b>

Department by	Shri Neeraj Mangla, CA
Assessee by	Shri Ankush Kalra, Sr. DR

Date of hearing	22.12.2025
Date of pronouncement	07.01.2026

**ORDER**

**PER VIMAL KUMAR, JUDICIAL MEMBER:**

The appeal filed by the Department of Revenue is against order dated 02.07.2025 of Learned Commissioner of Income Tax (Appeals)/National Faceless Assessment Centre (NFAC), Delhi (hereinafter referred to as "Ld. CIT(A)") under Section 250 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") arising out of order dated 21.12.2019 of the Learned Assessing

Officer/Income Tax Officer, Ward 60(1) ((hereinafter referred to as "Ld. AO")  
assessment year 2017-18 under Sections 143(3) of the Act for AY 2017-18.

2. Brief facts of the case are that assessee has filed his return of income on 05.11.2017. The case was selected for scrutiny (CASS) by issue of notice under section 143(2) of the Act on 24.09.2018. Subsequently, statutory notices under Section 142(1) of the Act were issued on various dates which were complied with. On completion of assessment proceedings, Ld. AO vide order dated 21.12.2019 made additions of Rs.70,89,000/- and Rs.51,58,301/-.

3. Against order dated 21.12.2019 of Ld. AO, the appellant/assessee filed appeal before Ld. CIT(A) which was partly allowed vide order dated 02.07.2025.

4. Being aggrieved, the Appellant/Department of Revenue, preferred present appeal with following grounds:

“1. Whether on the facts and circumstances of the case, the Ld. CIT(A) is correct in deleting the addition of Rs.68,41,000/- on the ground that the addition would amount to double taxation that these cash deposit were from genuine sales recorded in the books of accounts whereas the AO in the assessment order had clearly brought out the fact the source of cash deposit was unexplained.”

2. Whether on the facts and circumstances of the case, the Ld. CIT(A) is correct in deleting the addition of Rs.51,58,301/- made by AO as unexplained creditors u/s 69A of the Income Tax Act 1961, ignoring the facts that the identity, genuineness and creditworthiness of the creditors could not get verified. -

3. That the grounds of appeal are without prejudice to each other.

4. That the appellant craves leave to add/alter/delete/modify any/all the grounds of appeal before or during the course of hearing of the appeal.
5. Learned Departmental Representative submitted that Ld. CIT(A) erred in deleting addition of Rs.68,41,000/- on the ground that it would amount to double taxation that the cash deposits were from the genuine sales recorded in books of accounts whereas Ld. AO had brought out the facts that the source of cash deposits were unexplained. Ld. CIT(A) erred in deleting addition of Rs.51,58,301/- made by the Ld. AO as unexplained creditors under Section 69A of the Act accompanying the fact that the identity, genuineness and creditworthiness of the creditors could not be verified.
6. Learned Authorized Representative for the assessee submitted that the assessee had proved cash deposits from genuineness sales recorded in the books of accounts which were not rejected.
7. From examination of record in light of aforesaid rival contentions, it is crystal clear that Ld. CIT(A) in para nos. 5C and 5D observed as under:

**“C. Analysis of Unexplained Cash Deposit (Rs.70,89,000/-) (Original Ground No. 2)**

The AO added Rs.70,89,000/- as unexplained cash deposits u/s 69A r.w.s. 115BBE, citing the appellant's alleged failure to furnish an explanation. However, the appellant has provided distinct explanations for the two components of this cash deposit.

For the amount of Rs.68,41,000/- deposited in the City Union Bank business account, the appellant claimed these funds originated from genuine cash sales of jewelry, which were already recorded in the Profit and Loss account and declared as income. The appellant's argument

against double taxation is compelling. The ACIT vs. Haripanna Jewellers & Anr. (Supra) case provides a direct and strong precedent, explicitly holding that cash generated from sales of goods, properly recorded in the books and offered for taxation, cannot be treated as unexplained cash credits u/s 68 (and by extension, unexplained money u/s 69A) as this would result in double taxation. The Tribunal in Haripanna Jewellers emphasized that if the assessee's books, sales, purchases, and stock are accepted and found to be without defects, the AO cannot make such an addition. The AO's claim in the assessment order that the assessee "failed to furnish any detail/document/explanation" appears to contradict the detailed explanations and judicial support provided in the appellant's submissions. **The appellant demonstrated that these cash deposits were indeed from genuine sales recorded in the books of account, and the books were not rejected by the AO, then this addition would amount to double taxation and therefore not sustainable and hence the addition of Rs.68,41,000/- is deleted.**

For the amount of Rs.2,48,000/- deposited in the UCO Bank savings account, the appellant explained this as petty household savings and accumulated old demonetized currency. This explanation is directly supported by **CBDT Circular No. 03/2017 dated 21.02.2017**, which explicitly states that no further clarification or verification is required for an individual when the deposited amount during the demonetization period is up to Rs.2,50,000/-. The appellant's deposit falls squarely within this threshold. Furthermore, judicial pronouncements in Aroshi Jain vs. ACIT (Supra) and Neeru Jain vs. ITO (Supra) consistently support the appellant's position for small cash deposits, directing the deletion of similar additions based on the CBDT Circular. **Given the clear mandate of the CBDT Circular and the consistent judicial precedents, the addition of Rs.2,48,000/- related to the UCO Bank savings account is not sustainable and hence deleted. Accordingly, Original Ground No. 2 is allowed.**

#### **D. Analysis of Unexplained Sundry Creditors (Rs.51,58,301/-) (Original Ground No. 3)**

The AO added Rs.51,58,301/- as unexplained sundry creditors due to

non-service of notices or non-reply from creditors. The appellant, however, has consistently argued that these are genuine trading liabilities arising from purchases, duly recorded in the books, and has claimed to provide supporting evidence such as confirmations, invoices, payment

proofs, and a stock register. A critical point of contention is the AO's reliance solely on the non-response to Section 133(6) notices. Judicial pronouncements, such as CIT vs. Nikunj Eximp Enterprises Private Limited (Supra), clearly state that if an assessee furnishes purchase bills, corresponding sales evidence, and account confirmations, the transaction cannot be deemed bogus merely due to the non-appearance of suppliers before the AO. Similarly, ITO vs. Standard Leather Pvt. Ltd. (Supra) found it a wrong interpretation of law to add sundry creditors merely due to non-service of notice u/s 133(6) without disallowing corresponding purchases. The principle from Lycos India Limited vs. ITO (Supra) further emphasizes that doubting current liabilities while accepting purchases, raw material consumption, and sales is inconsistent, as purchases are a prerequisite for manufacturing and sales. Once the appellant provides a plausible explanation and supporting evidence, the burden shifts to the AO to disprove the genuineness of the creditors with concrete, contrary evidence, rather than merely relying on procedural non-compliance from third parties. The AO's order does not provide such evidence to show that the liabilities ceased to exist or that the purchases themselves were bogus. Furthermore, the appellant's contention regarding opening balances of sundry creditors is strongly supported by a line of judicial precedents. Cases like Ivan Singh vs. ACIT (Supra), CIT vs. Prameshwar Bohra (Supra), CIT vs. Usha Stud Agricultural Farms Limited (Supra), and

Rita Stephen Pinto vs. ITO (Supra) consistently hold that sums credited in books in an earlier financial year and carried forward cannot be brought to tax as income u/s 68 or 69A in a subsequent assessment year. If a significant portion of the added sundry creditors represents opening balances, then the AO's addition, to that extent, would be legally unsustainable. The AO's approach of accepting the appellant's books of account and trading results while simultaneously doubting the sundry creditors, which are intrinsically linked to purchases and sales, creates a logical inconsistency. If purchases are genuine and recorded, the corresponding credit liabilities should also be accepted unless specifically disproven with evidence of cessation of liability or the bogus nature of the purchases. **Therefore, the addition of Rs.51,58,301/- is not sustainable and hence deleted. Accordingly, Original Ground No. 3 is allowed”.**

8. From perusal of above discussion and findings, it is evident that the assessee demonstrated the cash deposits from genuine sales recorded in books of

accounts which was not rejected by the Ld. AO so the addition amounted to double taxation was unsustainable. So, Ld. CIT(A) rightly deleted the addition of Rs.68,41,000/-. The assessee had pleaded genuineness trading liabilities arising from purchases recorded in books of accounts with supporting evidence of confirmation of invoices payment proof and stock register etc. Ld. AO accepted the assessee's books of accounts and trading results while doubting sundry creditors which are intrinsically linked to purchases and sales, creates a logical inconsistency. Therefore, Ld. CIT(A) rightly deleted addition of Rs.51,58,301 being unsustainable. In view of above material facts, the findings of Ld. CIT(A) are just, fair, reasonable and legal. Therefore, grounds of appeal are rejected.

9. In the result, the appeal filed by the Department of Revenue is dismissed.

*Order pronounced in the open court on 07<sup>th</sup> January, 2026.*

*Sd/-*

**(S RIFAUR RAHMAN)  
ACCOUNTANT MEMBER**

*Sd/-*

**(VIMAL KUMAR)  
JUDICIAL MEMBER**

Dated: 07<sup>th</sup> January, 2026.  
Mohan Lal

Copy forwarded to:

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

Asst. Registrar, ITAT, New Delhi