

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

ITA No. 5535/DEL/2024 (A.Y 2010-11)

DCIT Circle 10(1) New Delhi	Vs	M/s HB Estate Developers Limited H-72, Connaught Circus, New Delhi PAN: AAACH3122M
Appellant		Respondent

C.O. NO. 52/Del/2025 in ITA No. 5535/DEL/2024 (A.Y 2010-11)

M/s HB Estate Developers Limited H-72, Connaught Circus, New Delhi PAN: AAACH3122M	Vs	DCIT Circle 10(1) New Delhi
Appellant		Respondent

Assessee by	Sh. Amit Goel, CA & Sh. ParnavYadav, Adv	
Revenue by	Sh. Rajesh Kumar Dhanesta, Sr. DR	
Date of Hearing	19/11/2025	
Date of Pronouncement	09/01/2026	

ORDER

PER YOGESH KUMAR, U.S. JM:

The present appeal is filed by the Revenue and Cross Objection 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), New Delhi dated 26/09/2024 for the Assessment Year 2010-11.

2. Brief facts of the case are that, the Assessee filed return of income declaring income of Rs. 3,68,25,018/-, thereafter assessment order came to be passed u/s 143(3) of the Income Tax Act, 1961 ('Act' for short) on 25/03/2013 at an income of Rs. 9,76,94,690/-. The case of the Assessee was re-opened and a notice u/s 148 of the Act has been issued. An assessment order came to be passed u/s 147 r.w. Section 143(3) of the Act on 29/12/2017 by making an addition of Rs. 2,81,87,500/- u/s 68 of the Act. Aggrieved by the assessment order dated 29/12/2017, Assessee preferred an Appeal before the Ld. CIT(A). The Ld. CIT(A) vide order dated 26/09/2024, deleted the addition of Rs. 2,81,87,500/- made by the A.O. u/s 68 of the Act. As against the order of the Ld. CIT(A) dated 26/09/2024, the Revenue preferred the captioned Appeal and the Assessee has also filed Cross Appeal impugning the order of the Ld. CIT(A).

3. The solitary issue involved in the present Appeal of the Revenue is regarding deletion of addition of Rs. 2,81,87,500/-. The Ld. Departmental Representative vehemently submitted that the Ld. CIT(A) committed error in deleting the addition despite the fact that the addition was made based on the specific information regarding receipt of the amount through the Companies managed and controlled by entry operators, though the genuineness of the transaction and the

creditworthiness were remained unexplained. The Ld. Departmental Representative further submitted that the Ld. CIT(A) committed error while deleting the addition observing that A.O. needs to rejected the books of account before making the addition. The Ld. Departmental Representative relying on the order of the A.O. sought for allowing the Appeal.

4. Per contra, the Ld. Departmental Representative submitted that the A.O. made the addition based on specific information that the Assessee received the amount through the Companies managed and operated by entry operators and in the absence of the source of the credit remained unexplained the Ld. CIT(A) deleted the addition. The Ld. Department's Representative relying on the assessment order, sought for allowing the Appeal of the Revenue.

5. We have heard both the parties and perused the material available on record. The Ld. CIT(A) deleted the addition in following manners:-

“7.2. I have carefully considered the facts of the case, the submission of the appellant and evidences on record. The appellant in the earlier year, booked property viz 5 units measuring 2000 sq. ft each in IT Park Gurgaon, Parsvnath Developers Ltd. and the booking amount / registration amount paid was Rs.24,37,500. During the year under consideration, the company sold the booking rights of these properties to Signature Max Propbuild Pvt. Ltd. for consideration of Rs.2,81,87,500. The entire amount of Rs. 2,81,87,500 is duly reflected as sales in the financial statements and ITR of the company

and that the resultant profit of Rs.2,57,50,000 has been duly offered for tax. It is a case of sale of stock-in-trade by the appellant company. The appellant has not received any share application money share capital / share premium / loans / gifts or any other form of tax free receipts from Signature Max Propbuild Pvt. Ltd., which was not shown as income. The amount of Rs.2,81,87,500 added by the AO was already credited to the P & L A/c under the head sales and The Cost of Sales was Rs. 24,37,500. The resultant profit of Rs.2,57,50,000 stood offered for tax @applicable highest rate of tax. This is seen from the P&L A/c where in sale of Rs.3,50,62,500 in the Income side and 'Increase/Decrease in Stock' of Rs. 57,45,310 on the expense side has been shown. The sales include Rs. 2,81,87,500 and the Cost of Sales includes Rs.24,37,500 in respect of this property.

7.3 A sum credited to sales account can't be treated as unexplained cash credits u/s 68 if they are already included in the total sales declared and taxed. The Hon'ble ITAT Jaipur in the case of ACIT Vs Chandra Surana in ITA No. 166/JP/2022 Date of Judgement/Order: 15/12/2022 Related Assessment Year: 2017-18 has held that provisions of section 68 would not be applicable on sale transactions recorded in books of account as sales were already part of income which was already credited in P&L account.

7.4 In view of the above facts and discussion, I am of the considered view that the addition of Rs.2,81,87,500 made by the A.O. is not sustainable as the same was already credited to the P & L A/c under the head sales and the resultant profit of Rs. 2,57,50,000 stood offered for tax @applicable highest rate of tax and thus is directed to be deleted. The AO has also not rejected the books of accounts of the appellant nor rejected the sales shown by the appellant. The appeal on Ground No 4 to 8 are treated as allowed.

6. It is found that the Assessee Company booked a property in the earlier year and the booking amount/registration amount of Rs. 24,37,500/- was paid. During the year under consideration, the Assessee sold the booking rights of the said properties for consideration of Rs. 2,18,87,500/- in favour of Signature Max Prop build Pvt. Ltd. and

the entire amount of Rs. 2,81,87,500/- was reflected as sales in the financial statements and ITR of the Company which resultant profit of Rs. 2,57,50,000/- which was duly offered for tax treating the same as stock-in-trade by the Assessee Company. It is not the case where the Assessee has received any share application money, share capital/share premium/loan/gifts or any other form of tax free receipt from Signature Max Prop build Pvt. Ltd. Further, it is found from the P & L account wherein the sale of Rs. 3,50,62,500/- in the income side and 'increased/decreased in stock of Rs. 57,45,310/- on the expense side has been shown. The sales includes Rs. 2,81,87,500/- and the cost of sales includes Rs. 24,37,500/- in respect of the above said property.

7. It is well settled law that a sum credited to sales account can't be treated as unexplained cash credits u/s 68 if they are already included in the total sales declared and taxed as held by the Co-ordinate Bench of the Tribunal at Jaipur Bench in the case of ACIT Vs Chandra Surana in ITA No. 166/JP/2022 vide Order dated 15/12/2022. Further, the AO has also not rejected the books of accounts of the Assessee nor rejected the sales shown by the Assessee before making the impugned addition. Considering the above facts and circumstances, we find no error or infirmity in the order of the Ld.

CIT(A) in deleting the addition. Finding no merits in the grounds of Appeal of the Revenue, the Appeal of the Revenue is dismissed.

8. Since, we have dismissed the Appeal of the Revenue, the Cross Objection filed by the Assessee is dismissed as having become infructuous.

Order pronounced in the open Court on 09th January, 2026

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Date:- 09.01.2026

R.N, Sr.P.S*

Copy forwarded to:

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

Sd/-
(YOGESH KUMAR U.S.)
JUDICIAL MEMBER

ASSISTANT REGISTRAR
ITAT, NEW DELHI