

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ "बी", चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH "B", CHANDIGARH

HEARING THROUGH: HYBRID MODE

श्री ललित कुमार, न्यायिक सदस्य एवं श्री कृणवन्त सहाय, लेखा सदस्य
BEFORE: SHRI. LALIET KUMAR, JM & SHRI. KRINWANT SAHAY, AM

आयकर अपील सं. / ITA No. 481 /Chd/ 2025
निर्धारण वर्ष / Assessment Year : 2018-19

Rajiv Goyal H.No. 6, Rajbaha Road Green View, Patiala, Punjab-147001	बनाम	The ITO Ward-3 Patiala
स्थायी लेखा सं. / PAN NO: AFUPG4511P		
अपीलार्थी/ Appellant		प्रत्यर्थी/ Respondent

निर्धारिती की ओर से/ Assessee by : Shri Sudhir Sehgal, Advocate
राजस्व की ओर से/ Revenue by : Dr. Ranjit Kaur, Addl. CIT, Sr. DR (Virtual Mode)

सुनवाई की तारीख/ Date of Hearing : 05/01/2026
उदघोषणा की तारीख/ Date of Pronouncement : 14/01/2026

आदेश/Order

PER KRINWANT SAHAY, A.M:

This is an appeal filed by the Assessee against the order of the Ld. CIT(A), NFAC, Delhi dt. 19/02/2025 pertaining to Assessment Year 2018-19.

2. In the present appeal, Assessee has raised the following grounds:

"1. That the Ld. CIT(A) has erred in confirming the order of the Assessing Officer, wherein, the addition of Rs. 1,01,38,817/- have been made as unexplained investment and has also erred in charging the same u/s 115BBE of the Act.

2. That the Ld. CIT(A) has erred in confirming the following additions on account of unsecured loans as made by the Assessing Officer:-

Sr.No.	Name of the person	Amount
1.	M/s SSG Paper Mills	50,10,5811-
2.	M/s Suraj Bhan & Brothers	10,00,0001-
3.	Smt. Deepika Goyal	37,28,2361-
4.	Amrit Chemtech	4,00,0001-

3. That the Ld. CIT(A) has ignored the confirmations, bank statements and copies of the ITRs, which have been filed in respect of unsecured loans and which is against the documentary evidences furnished by the assessee.

4. *That the treatment of such amount, which have been utilized for purchasing of immovable property as unexplained investment u/s 69 is against the facts and circumstances of the case and, further, the treatment of such sum as unexplained investment u/s 69 r.w. section 115BBE is not in order.*

5. *That the reply as submitted during the proceedings before the CIT(A) have not been considered properly.*

6. *That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."*

3. Briefly, the facts of the case are that the assessee is deriving salary income and Income from other sources. During the assessment proceedings, it was noticed by the Assessing Officer that the assessee had raised certain loans from individuals and other parties and since according to the Assessing Officer, the assessee could not prove the credit worthiness of the lenders therefore the AO made an addition of unexplained credit u/s 68 and invoked the provisions of section 115BBE of the Income Tax Act.

3.1 It was the contention of the assessee before the Assessing Officer that he has furnished the confirmations of the lenders, alongwith their PAN Numbers, copy of the relevant Bank statement of the lender and copy of their ITRs and, thus, according to the assessee, it was stated before the Assessing Officer that he had proved the identity, credit worthiness and genuineness of transactions. So, no addition was called for. However, the Assessing officer did not agree to this and made the addition of Rs. 1,01,38,817/- in respect of the following creditors:-

- a). Addition of Rs. 50,10,581 /- partnership concern of assessee's brother
- b). Addition of Rs. 10,000/- HUF of Nephew's assessee.
- c). Addition of Rs. 37,28,236/- Deepika Goyal wife of assessee.
- d). Addition of Rs. 4,00,00/- Amrit Chemtech, partnership of assessee

4. Against the order of the Assessing Officer the assessee went in appeal before the Ld. CIT(A), where detailed submissions, which have been reproduced

in the order of CIT(A) from pages 9 to 14 of the order were made and again reiterated that the assessee has even proved the source of source of the said lenders, who had advanced the amount to assessee. Thus, there was no justification with the Assessing Officer to make the addition. It was further, stated that confirmation of the lenders alongwith PAN Number, Bank Statement of the lenders, from where, the amount had been advanced and even the 'source of source' of the lenders have been explained so there was no justification for the addition.

4.1 The CIT(A), however, confirmed the order of the Assessing Officer by mentioning that the contention of the appellant is inconsistent with the legal provisions u/s 69 of the Act.

5. Against the order of the Ld. CIT(A) the assessee preferred in appeal before the Tribunal.

6. During the course of hearing the assessee has filed the 'paper book', consisting of 1 to 112 pages, wherein, he has filed the copies of the confirmations of the lenders, their PAN Numbers, Bank Account of the lenders, copy of their ITRs and also 'source of source' of the said lenders of the amount which have been advanced to the assessee concerned.

6.1 In the Brief Synopsis filed before us, the assessee has given relevant Page numbers, where such evidences, have been placed in the 'Paper Book' alongwith 'source of source' and for the sake of clarity, the relevant 'Brief Synopsis' of the assessee are being reproduced as under: -

"Our brief synopsis for unsecured loans taken from 4 Lenders are tabulated as under:-

SR. NO.	NAME OF THE LENDER	AMOUNT	
1	M/S SSG Paper Mills LLP, brother of the assessee is partner in above firm. (PAN ACWFS5466N)	Received 40,00,000/- 3,00,000/- 4,00,000/- 1,55,300/- 1,55,281/- 50,10,581	Repaid 16,50,000/- 16,50,000/- 16,50,000/-

Amount received during the year and repaid during the same year as per copy of account pages 11 to 12 of the paper book.

"Our Submission:

The assessee during the assessment proceedings filed following documents before the Ld. AO that duly proves all three elements of section 68 i.e. genuineness, creditworthiness and identity as per details as follows:

1. IDENTITY OF THE LENDER :

It is submitted before your goodself that M/s S.S.G. Paper Mills LLP, wherein brother of assessee Sh. Sanjeev Goyal is partner and the entity is assessed to tax vide PAN: ACWFS5466N. The said concerned regular filer of Income tax returns for past many years. And in order to prove the identity of the party we are enclosing the copy of ITR, Computation and Audited Balance sheet, Trading Profit and Loss Account relevant to the year under consideration i.e. AY 2018-19. The following are the documents below that proves the identity of our lender as under:

- Copy of ITR & Com of M/s. SSG Paper Mills along with Balance sheet, Trading, and profit and loss account, along with notes to accounts of unsecured loans for year ending 31.03.2018. (Copy is Placed at Paper Book at Page No. 32-38)

2. CREDITWORTHINESS OF THE LENDER:

- Copy of limit account of the M/s. SSG Paper Mills from where they have transferred the funds to their Current account. (Copy is Placed in Paper Book at Page No. 12-21) from this limit account bank statement of 'Union Bank of India' i.e. Nationalized Bank, your goodself can clearly verify that the lender was having sufficient balance limit available in his limit account out of which he has transferred the amount to his own current account. As per copy of current account statement of the lender placed at pages 22-28 of the paper book.

- Copy of current account statement of M/s. SSG Paper Mills from where they have further advanced loan to assessee. (Copy is placed in Paper Book at Page No.22-28). From this current account bank statement of the lender the lender has transferred the amount to the assessee as loan.

- Copy of relevant extract of bank statement of assessee highlighting the relevant transactions credit in bank account of the assessee on same date. (Copy is placed in Paper Book at Page No.29-31).

3. GENUINENESS OF THE TRANSACTION:

- Confirmed copy of account of the assessee in the books of the party is placed at pages 10-11 of the paper book. This shows the opening and closing balances of the loan taken by the assessee duly commensurate with the books of account of the assessee and also repayment made by the assessee have been also confirmed by the lender.

- Confirmed copy of account of the lender giving confirmation on repayments made by the assessee within the same year under consideration as per pages 39-40 of the paper book. This shows the assessee was not beneficially as loan as it was repaid within the same year under consideration.

4. Notwithstanding above, it is submitted that, the finding given by the AO as ^{per} comment highlighted above, we wish to submit here before your goodself that we have filed all evidences to prove the creditworthiness of the above lender and we have filed the documentary evidences in connection with the funds sourced by the lender i.e. out of his own overdraft limit facility availed by its own which left no doubt on the creditworthiness of the lender.

5. Further, our submission to the finding given by the AO at para 11.14 relating to the source of the source of the lender relevant finding which is as under:

'Further, assessee has also failed to furnish any positive evidence in support of sources of the funds of the lender & no explanation was offered in respect of frequent credit entries in the account of lenders'.

6. It is submitted that, this finding above given by your goodself is not applicable in the case of the assessee as the applicability of proving source of lender i.e. proving source of source is effective from A.Y. 2023-24 as per latest Bench Mark Judgement in the case of Sh. Agrasen Logistics in ITA No. 108/AGR/2025. Therefore, this opinion above taken by the Ld. AO and questioning of creditworthiness of the lender is not appropriate, without considering the submission and genuine documentary evidences filed by the assessee.

Thus, from the above, all three elements of section 68 stands prove and no addition is called for.

SR. No.	NAME OF THE LENDER	AMOUNT	
1.	M/s Suraj Bhan and Bros HUF (PAN AACHV0222P) Assessee is nephew of Karta HUF	Received 10,00,000/- 01.07.2017	Repaid 40,000/- (set off against household expenses)

Our Submission:

The assessee during the assessment proceedings filed following documents before the Ld. AO that duly proves all three elements of section 68 i.e. genuineness, creditworthiness and identity as per details as follows:

7. IDENTITY, CREDITWORTHINESS AND GENUINENESS OF THE LENDER:

It is submitted before your goodself that M/s Suraj Bhan and Bros HUF vide PAN: AACHV0222P. The said concerned was engaged in the activities relating to Agriculture Income i.e. sale purchases of Grains and regular filer of Income tax returns for past many years. The karta of the HUF Sh. Vidya Sagar died on 13.06.2020 and in order to prove the identity of the HUF we are enclosing the copy of ITR, Computation and death certificate of demised Uncle of the assessee. Further, to prove the genuineness and creditworthiness and identity of above said lender, we are filing herewith the followings documents as under:

- Copy of confirmation by Karta namely Late. Vidya Sagar against repayment of loan made to assessee. (Copy is placed at Paper Book at Page No. 41).
- Copy of Bank statement of M/s. Suraj Bhan & Brothers highlighting the relevant transaction of repayments made to assessee. (Copy is placed in Paper Book at Page No. 42). This bank statement of the lender clearly shows that, the lenders was having sufficient bank balance in his bank account.
- Copy of relevant extract of bank statement of assessee highlighting the relevant transactions credit in bank account of the assessee on same date. (Copy is placed in Paper Book at Page No. 43).
- Death certificate of Karta late Sh. Vidya Sagar along with ITR and Computation for AY 2018-19. (Copy is placed in Paper Book at Page No. 44).
- Copy of ITR and Computation of income for AY 2018-19. (Copy is placed in Paper Book at Page No. 45-48).

8. Notwithstanding above, it is submitted that, the finding given by the AO as per comment highlighted above, we wish to submit here before your goodself that we have filed all evidences to prove the creditworthiness of the above lender and we have filed the documentary evidences in connection with the funds sourced by the lender i.e. out of available balance, which left no doubt on the creditworthiness of the lender.

Thus, from the above, all three elements of section 68 stands prove and no addition is called for. OF

SR. NO.	NAME OF THE LENDER	AMOUNT
3	Deepika Goyal wife of assessee (Sh. Rajiv Goyal)	Received 27,06,236/-on 26.07.2017 10,00,000/-on 10.08.2017

9. IDENTITY OF THE LENDER :

It is submitted before your goodself that Mrs. Deepika Goyal wife of assessee tax vide PAN: AEJPG6057Q. The wife of the assessee is regularly filing her Income tax returns for past many years, and to prove the identity of the party we are enclosing the copy of ITR, Computation and Aadhar, relevant to the year under consideration i.e. AY 2018-19. The following are the documents below that proves the identity of our lender as under:

- Copy of ITR and Computation of income for AY 2018-19 alongwith Aadhar card as a proof of identity and relation with the assessee. (Copy is placed at Paper Book at Page No. 49-52).

10. CREDITWORTHINESS & GENUINENESS OF THE LENDER:

- Copy of bank account of the Mrs. Deepika Goyal from where the funds of Rs. 27,28,236/- transferred to the account of assessee on 26.07.2017. Relevant page is 53 of the paper book. The sources of these funds are as under:

a. Mrs. Deepika Goyal wife of assessee has received amount of Rs. 27,28,236/- from M/s. Vishal Papertech India on 27.06.2017/- as repayment of previous loan advances by Deepika Goyal in previous years, which is evident from confirmations along with ITR & Computation, and Tax audit, trading profit and loss account, Bank statement of the lender as per relevant copies placed at pages 55 to 82 of the PB.

b. Further, these credits directly transferred by Deepika Goyal to assessee as per bank statement placed at 54 of the PB.

- Copy of bank account of the Mrs. Deepika Goyal from where the funds of Rs. 10,00,000/- transferred to the account of assessee on 10.08.2017. Relevant page is 83 of the paper book. The sources of these funds are as under:

c. Amount of Rs. 10,00,000/- transferred to the assessee was out of the consideration received against the sale of immovable property as per copy of sale deed placed at pages 86-93 of the PB.

d. Further, these credits directly transferred by Deepika Goyal to assessee as per bank statement placed at 83 and received at 85 of the PB

11. Notwithstanding above, it is submitted that, the finding given by the AO as per comment highlighted above, we wish to submit here before your goodself that we have filed all evidences to prove the creditworthiness of the above lender and we have filed the documentary evidences in connection with the funds sourced by the lender i.e. recovery of old loans and out of sale of immovable property, which left no doubt of the creditworthiness of the lender.

Thus, from the above, all three elements of section 68 stands prove and no addition is called for.

SR. NO.	NAME OF THE LENDER	AMOUNT	
4	M/s. Amrit Chemtech (Partnership Firm, where assessee is partner) PAN No: ABFFA5703Q	Received Rs. 2,00,000/- on 27.04.2017 Rs. 2,00,000/- on 10.05.2017	Repaid Rs. 2,00,000/- on 11.12.2017 Rs. 2,00,000/- on 15.12.2017

12. IDENTITY OF THE LENDER :

It is submitted before your goodself that M/s. Amrit Chemtech (Partnership Firm), where assessee is partner tax vide PAN: ABFFA5703Q. The firm is filing its Income tax returns for past many years, and the books of the lender is audited, further, to prove the identity of the party we are enclosing the copy of ITR, Computation, Balance Sheet, Profit and Loss account, capital account of the lender, relevant to the year under consideration i.e. AY 2018-19. The following are the documents below that proves the identity of our lender as under:

- Copy of ITR and Computation of income for AY 2018-19 alongwith Balance Sheet, Profit and Loss account alongwith notes to account and the capital account of partners as a proof of identity and relation with the assessee. (Copy is placed at Paper Book at Page No. 94-101).

13. CREDITWORTHINESS & GENUINENESS OF THE LENDER:

- Confirmed copy of capital account of assessee in the books of M/s. Amrit Chemtech for the period 01.04.2016 to 31.03.2018 from where the funds of Rs. 4,00,000/- transferred to the account of assessee on 27.04.2017 and 10.05.2017. Relevant page is 102 to 103 of the paper book.
- The assessee had also filed the bank statement of M/s. Amrit Chemtech reflecting the relevant transaction as per copy placed at pages 104 to 112.

14. Notwithstanding above, it is submitted that, the finding given by the AO as per comment highlighted above, we wish to submit here before your goodself that we have filed all evidences to prove the creditworthiness of the above lender and we have filed the documentary evidences in connection with the funds sourced by the lender i.e. out of his own capital balance, which left no doubt on the creditworthiness of the lender."

6.2 The assessee also relied upon a number of case laws for the proposition that, once the assessee has proved the identity, creditworthiness and genuineness of transactions and the 'source of source' of the amount lent to the assessee, alongwith copies of ITRs of the lenders, confirming the addition in respect of the lenders u/s 68 invoking the provisions of section 115BBE are not applicable.

6.3 Further, the Ld. AR drew our attention to the judgment of Jurisdictional High Court in the case of CIT vs. Karaj Singh as reported in [2011] 15 taxmann.com 70 (Punjab & Haryana) and a judgment of the Hon'ble Gujarat High Court in the case of PCIT vs. Merrygold Gems (P.) Ltd. as reported in [2024] 164 taxmann.com 764 (Gujarat) dated 11.06.2024, wherein, it has been held that if the amount of loan is repaid back to the lender in respect of cash credits, no addition can be made in the hands of assessee concerned. Besides the above, the judgment of Hon'ble Supreme Court in the case of Pr. CIT vs. New Video Pvt. Ltd. [2018] 7 TMI 1455 (SLP Diary No. 18325/2018) was also relied upon for the same proposition and the judgment of Jurisdictional Bench of the ITAT in

the case of DCIT,CC-2 Vs Sh.Gautam Malhotra in ITA No.677/Chd/2024 and DCIT Vs Malbros International Pvt. Ltd. in ITA No.676/Chd/2024.

7. Per contra, the Ld. DR relied upon the order of the Assessing Officer and the Ld. CIT(A) and sought the confirmation of addition as made by the Assessing officer and confirmed by the Ld. CIT(A).

8. We have gone through the order of Assessing Officer, CIT (A), Brief Synopsis, Paper Book and Judgement set as filed by the assessee and also considered the argument of Ld. DR. We find that besides, the confirmation, copies of the bank account, ITRs of the lenders, the assessee had even proved the 'source of source' of the lenders, as is evident, from the bank account of one such lender, namely SSG Paper Mills, copy of which has been placed at pages 22 to 28 of the Paper Book. The amount as lent to the assessee was transferred from his overdraft account and the relevant amount was transferred from the overdraft account to the current account of SSG Paper Mills, as borne out from the 'overdraft account' at pages, 12,14,17,19,21, which are corresponding to pages, 22, 23, 24, 25 ,26 and 27 of the regular bank account of SSG Paper Mills and then the amount was advanced to the assessee. The assessee had also placed copy of his bank account at pages 29 to 31, where such amounts as advanced by SSG Paper Mills have been credited to the account of the assessee, through banking channel.

8.1 Similarly, in the case of wife of assessee Smt. Deepika Goyal, her amount of Rs. 27,38,236/- was lying with 'M/s Vishal Papertech' and the same was withdrawn by her for which, copy of account of Smt. Deepika Goyal, in the books of 'Vishal Papertech' alongwith copy of the bank account of the assessee have been furnished. Even, copy of the ITR of 'Vishal Papertech' have been filed. For amount of Rs. 10 lacs, Mrs. Deepika Goyal had sold certain immovable property, for which, the payment was received through banking channels. Further for an amount of Rs. 10 lakhs, the same was advanced out of sale of property for which, copy of the registration deed has been placed at

pages 91 to 93 of the 'Paper Book' and that amount was then advanced to her husband i.e. assessee. Similar, is the position of other two creditors where the 'source of source' have also been established beyond any doubt as per facts given in brief synopsis. We have also considered the various judgments, as cited, as per 'Brief Synopsis' and the 'Hon'ble Apex Court' in the case of 'New Video Pvt. Ltd.' and other judgements of various High Court, clearly clinch the issue in favour of assessee, in which, it has been held as under:-

a. Judgment of Hon'ble Supreme Court in Pr. CIT vs. New Video Pvt. Ltd. [2018] 7 TMI 1455 (SLP Diary No. 18325/2018) wherein it is held as under:

"Addition u/s 68- whether the ITAT was justified in confirming the order of the Commissioner of Income Tax (Appeals) which deleted the addition u/s 68 only on the ground that the payments to the creditors have been made by the Assessee in the subsequent years- the fact remains that the explanation offered by the Assessee regarding repayment to the creditors in the subsequent years was accepted by the Revenue-Held that:-SLP dismissed".

b. Judgment of Hon'ble Punjab fr Harvana High Court in the case of CIT vs. Karaj Singh as reported in f20111 15 taxmann.com 70 (Punjab & Haryana) dated 31.03.2011.

"Section 68 of the Income-tax Act, 1961 - Cash credits - Assessment year 1992-93 - Assessee filed return for relevant assessment year declaring certain income - On a complaint, matter was investigated and it was found that assessee had introduced his own secret funds to tune of Rs. 1.50 lakhs through one 'N' who first deposited that money in his account and later on got prepared a bank draft in name of assessee on pretext of foreign remittance and same was given to assessee - On that basis, Assessing Officer made addition of Rs. 1.50 lakhs to assessee's income by invoking provisions of section 68 - On appeal, Commissioner (Appeals) sustained addition -However, on second appeal, Tribunal, on basis of material on record, came to conclusion that amount in question had been repaid to "NT through banking channel within a period of 15 days and said transaction was a bona fide transaction and provisions of section 68 were not attracted - Whether on facts, Tribunal was justified in deleting addition made by Assessing Officer - Held, yes [In favour of assessee]"

c. Judgment in the case of PCIT vs. Merrygold Gems (P.) Ltd. as reported in T20241 164 taxmann.com 764 (Gujarat) dated 11.06.2024.

INCOME TAX : Where amount of loan received by assessee was returned within same financial year, appellate authorities had rightly deleted addition made under section 68 in respect of such loan

Section 68 of the Income-tax Act, 1961 - Cash credit (Scope of provision) - Assessment year 2016-17 - Assessing Officer made addition of certain amount to assessee's income on account of unsecured loan trading same as unexplained

cash credit under section 68 - Whether since amount of loan received by assessee was returned within same financial year, appellate authorities had rightly deleted addition made by Assessing Officer - Held, yes [Paras 9 and 11] [In favour of assessee]

d. Judgment of Hon'ble Gujarat High Court in the case of PCIT vs. Ambe Tradecorp (P.) Ltd. as reported in T20221 145 taxmann.com 27 (Gujarat) dated 05.07.2022.

INCOME TAX : Where assessee took loan from two parties and assessee had furnished requisite material showing identity of loan givers and that assessee was not beneficiary as loan was repaid in subsequent year, no addition under section 68 could be made on account of such loan

8.2 Thus, considering the above said facts and circumstances and arguments of both the sides, we hold that the assessee had proved the identity, credit worthiness and genuineness of transactions by adducing necessary documents, with regard to the 'source of source' of the lenders. In most of the cases, the amount had even been returned back, thus, the Ld. CIT(A) has erred in confirming the addition of cash credit u/s 68 and the same is, thus, deleted and consequently, the provisions of section 115BBE are not held to be applicable.

9. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open Court on 14/01/2026

Sd/-

**ललित कुमार
(LALIET KUMAR)**

न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-

**कृणवन्त सहाय
(KRINWANT SAHAY)**

लेखा सदस्य/ ACCOUNTANT MEMBER

AG

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar