

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

**BEFORE SHRI YOGESH KUMAR US, JUDICIAL MEMBER, AND
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No. 3754/DEL/2025 [A.Y 2017-18]

Gandaram & Sons Jewellers Pvt Ltd I-1, Central Market Road Lajpat Nagar, Part - 2 New Delhi	Vs.	The A.C.I.T. Circle -10(1) New Delhi
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PAN: AACCG 1177B

(Applicant)

(Respondent)

Assessee By : Shri Karnik Rajat, Adv

Department By : Ms. Harpreet Kaur Hansra , Sr. DR

Date of Hearing : 18.12.2025

Date of Pronouncement : 16.01.2026

ORDER

PER NAVEEN CHANDRA, ACCOUNTANT MEMBER:-

This appeal by the assessee is preferred against the order of the NFAC, Delhi dated 26.05.2025 pertaining to A.Y 2017-18.

2. The solitary grievance of the assessee arising out of 12 grounds of appeal is the addition of Rs. 2,25,68,159/- made by the Assessing Officer and confirmed by the ld. CIT(A) on account of unexplained cash deposit u/s 68 of the Act.

3. Briefly stated, the facts of the case are that the assessee filed its return of income for the year under consideration on 30.10.2017 declaring total income of Rs. 42,56,460/-. Thereafter, the case was selected for scrutiny through CASS.

4. During the course of assessment proceedings, the Assessing Officer noticed that the assessee had made cash deposits of Rs. 3,71,42,500/- in its bank account during demonetization period i.e. from 09.11.2016 to 30.12.2016. As the assessee could not explain the nature and source and prove the genuineness of the amount of Rs. 2,79,01,079/- being cash transaction, the addition of an amount of Rs. 2,25,68,159/- (after giving credit of Rs. 53,32,920/- declared under the Income Declaration Scheme, 2016), was considered unexplained cash credit during demonetization period and added under section 68 of the Act.

5. Aggrieved, the assessee preferred an appeal before the CIT(A) who considering the facts and circumstances, upheld the action of the Assessing Officer. Now the further aggrieved assessee is in appeal before us.

6. Before us, the ld. counsel for the assessee vehemently submitted that on total cash deposited during the period of demonetization in different bank accounts of the assessee company, the Assessing Officer made the addition without rejecting the books of account without there being any evidence and was made on the basis of conjectures and surmises.

7. Per contra, the ld. DR relied on the orders of the authorities below.

8. We have heard the rival submissions and have perused the relevant material on record. In the instant case, we find that the assessee has attempted to prove the entire source of cash deposit during demonetization period as being from sales. We also find that on the other hand, the Revenue's endeavour to disbelieve the assessee's contention that cash deposit has been made out of sales, cannot be fully justified. In this factual matrix, there is some element of failure to explain some of the cash deposit, cannot be ruled out. Be that as it may, it is deemed appropriate, in larger interest of justice, that a lump-sum addition of Rs. 2 lakhs only would be just and proper with a rider that the same shall not be treated as a precedent, so as to cover all loopholes. The assessee's ground on this count is partly allowed.

9. In so far as assessee's levy of tax at a higher rate under section 115BBE of the Act is concerned, we find that the Madras High Court in the Writ petition in the case of *S.M.I.L.E. Microfinance Ltd. Vs. ACIT*, W.P. (MD) No.2078 of 2020 & 1742 of 2020, dated 19.11.2024 (Madras) has held that the impugned statutory provision would come into effect ***on the transaction done on or after 01.04.2017 only***. Accordingly, we direct the AO to tax the addition under normal provisions of tax and not under the provisions of 115BBE. The additional ground raised by the assessee is allowed.

10. In the result, appeal of the assessee in ITA No. 3754DEL/2025 is *partly* allowed.

The order is pronounced in the open court on 16.01.2026.

SD/-
[YOGESH KUMAR U.S.]
JUDICIAL MEMBER

Sd/-
[NAVEEN CHANDRA]
ACCOUNTANT MEMBER

Dated: 16th JANUARY, 2026.

VL/

Copy forwarded to:

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

Asst. Registrar,
ITAT, New Delhi

SI No.	PARTICULARS	DATES
1.	<i>Date of dictation of Tribunal Order</i>	
2.	<i>Date on which the typed draft order is placed before the Dictating Member</i>	
3.	<i>Date on which the typed draft order is placed before the other Member [in case of DB]</i>	
4.	<i>Date on which the approved draft order comes to the Sr. P.S./P.S.</i>	
5.	<i>Date on which the fair Order is placed before the Dictating Member for sign</i>	
6.	<i>Date on which the fair order is placed before the other Member for sign [in case of DB]</i>	
7.	<i>Date on which the Order comes back to the Sr. P.S./P.S for uploading on ITAT website</i>	
8.	<i>Date of uploading, inf not, reason for not uploading</i>	
9.	<i>Date on which the file goes to the Bench Clerk</i>	
10.	<i>Date on which the file goes for Xerox</i>	
11.	<i>Date on which the file goes for endorsement</i>	
12.	<i>The date on which the file goes to the Superintendent for checking</i>	
13.	<i>Date on which the file goes to the Assistant Registrar for signature on the order</i>	
14.	<i>Date on which the file goes to the dispatch section for dispatch the Tribunal order</i>	
15.	<i>Date of Dispatch of the Order</i>	
16.	<i>Date on which the file goes to the Record Room after dispatch the order</i>	