

**IN THE INCOME TAX APPELLATE TRIBUNAL “G” BENCH, MUMBAI
BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT AND
SHRI JAGADISH, ACCOUNTANT MEMBER**

ITA No.5772/Mum/2025
(Assessment Year: 2020-21)

Income Tax Officer-27(3)(1), Mumbai - 400706	Vs.	Savla Associates, 24A, Shree Laxmi Niwas , M.G. Road, Ghatkopar West, Mumbai- 400706
(Appellant)	:	(Respondent)
PAN NO. AAGFS 8614J		

Appellant by	:	Shri Nilesh Joshi
Respondent by	:	Shri Swapnil Choudhary, Sr. DR
(Appellant)		(Respondent)

Date of Hearing	:	14.01.2026
Date of Pronouncement	:	22.01.2026

ORDER

Per Saktijit Dey, Vice President:

This is an appeal by the Revenue against an order dated 18.07.2025 passed by National Faceless Appeal Centre (NFAC), Delhi for the Assessment Year 2020-21.

2. Though, the Department has raised multiple grounds however, the solitary issue in dispute is deletion of addition of Rs.5,54,00,000/- made under section (u/s.) 68 of the Income Tax Act, 1961 (in short the ‘Act’).

3. Briefly stated, the assessee is a resident partnership firm. For the assessment year under dispute, assessee filed its return of income on 27.12.2020, declaring loss

of Rs.3,74,132/-. The return of income so filed by the assessee was selected for scrutiny. In course of assessment proceeding, the Assessing Officer (AO) noticed that in the year under consideration assessee had taken unsecured loan of Rs.5,54,00,000/- from 37 creditors. Noticing this fact, the AO called upon the assessee to furnish requisite evidence to prove the identity and creditworthiness of the creditors as well as genuineness of the transactions. Though, the assessee complied to the queries of the AO however, he was not fully convinced. After verifying the documents, the AO observed that the assessee did not furnish the income tax return copies, bank statements, confirmation etc. of all the creditors. Even, in case of creditors in respect of whom the assessee furnished the documentary evidences, the AO observed that they do not prove the creditworthiness of the creditors. He further alleged that prior to advancing loans, deposits were made in the accounts of the creditors. Thus, ultimately, he treated all the loan transactions as non-genuine, hence, unexplained cash credit u/s. 68 of the Act and added back to the income of the assessee. Assessee contested the addition before learned First Appellate Authority. After verifying the evidences and materials available on record, the First Appellate Authority, being convinced that the assessee was able to establish the identity, creditworthiness of the creditors as well as genuineness of the transaction, deleted the addition.

4. We have considered rival submissions and perused the materials on record. A perusal of the assessment order would reveal that in course of assessment proceeding, the assessee had furnished various documentary evidences including

loan confirmation of the creditors. It is evident from the tabular chart incorporated in the assessment order. However, the AO has observed that in respect of some creditors, the assessee had not furnished all documentary evidences and in some instances, evidences are incomplete. On a perusal of the order passed by learned First Appellate Authority, it is noticed that the assessee had furnished party-wise details of loan transactions with supporting evidences including loan confirmation, bank statements of the creditors and their income tax return copies. From the submissions made by the assessee before learned First Appellate Authority explaining the genuineness of the party-wise loan transaction, which are incorporated in pages 9 to 29 of the First Appellate order, it can be seen that not only the assessee had explained the genuineness of each loan transaction but has proved them through supporting evidences. Though, the finding of learned First Appellate Authority on the issue is cryptic however that doesn't militate against the factual position emerging from record that the assessee did furnish all the supporting evidences to explain the loan transactions. From the party-wise details of loan transactions furnished by the assessee, it can be seen that prior to advancing the loan to the assessee there was availability of fund in the bank accounts. It is also a fact on record that loan transactions are through banking channel.

5. Considering the fact that the assessee is a real estate developer, it is acceptable that in times of need, the assessee must be generating fund by availing unsecured loan from various persons. In as much as, materials on record do establish that the assessee has been able to discharge its onus in establishing the identity and

creditworthiness of creditors and genuineness of the transaction. Hence, we do not find any infirmity in the order of learned First Appellate Authority in deleting the addition. Grounds are dismissed.

6. In the result, appeal is dismissed.

Order pronounced in the open court on 22 /01/2026.

Sd/-
(Jagadish)
Accountant Member

Sd/-
(Saktijit Dey)
Vice President

Mumbai; Dated : 22/01/2026

Aks/-

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT - concerned
5. DR, ITAT, Mumbai
6. Guard File

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai