

**IN THE INCOME TAX APPELLATE TRIBUNAL  
(DELHI BENCH: 'C': NEW DELHI)**

**BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER  
AND  
SHRI BRAJESH KUMAR SINGH, ACCOUNTANT MEMBER,**

**ITA No:- 3108/Del/2025  
(Assessment Year- 2012-13)**

Income Tax Officer, Room H. No. -413B, 4 <sup>th</sup> Floor, C.R. Building IP Estate, New Delhi-110002.	Vs	Swan Digital Foundation, 547, Mandakini Enclave Alaknanda, Delhi-110019.
<b>PAN- AABCE8776H</b>		
Revenue		Assessee

Assessee by	Shri Prasun Kumar, Adv. (Virtual)
Revenue by	Shri Om Prakash, Sr. Dr

<b>Date of Hearing</b>	19.01.2026
<b>Date of Pronouncement</b>	30.01.2026

**ORDER**

**PER BRAJESH KUMAR SINGH, AM:**

This appeal by the Revenue is directed against the order of the National Faceless Appeal Centre (NFAC), New Delhi, dated 11.03.2025 [hereinafter referred to as the 'Ld. CIT(A)'] arising out of the assessment order dated 20.12.2019 passed under Section 143(3)/ 147 of the Income Tax Act, 1961

(hereinafter referred to as 'the Act') pertaining to Assessment Year (A.Y.) 2012-13 by the Income Tax Officer, Ward-8(1), New Delhi (hereinafter referred to as the 'AO').

2. Brief facts of the case: The assessee, being a Company, filed its return of income for the impugned AY 2012-13 on 28.09.2012 declaring income at Rs. 32,168/-, In this case, information was received from ITO, Ward-3(4), Noida that the appellant company received an amount of Rs.1,23,85,000/- through bank transfer from the savings bank account of Mr. Shujaat Hussain, an employee of M/s. Aman Enterprises, Prop. Mr. Sharaf Mohammad. Therefore, proceedings u/s 147 of the Act were initiated by recording reasons and satisfaction and issued notice u/s 148 of the Act to the appellant on 31.03.2019. Also, copy of reasons for reopening the case u/s 147 of the Act was provided to the appellant. In response to notice u/s 148, the assessee filed its return of income on 26.11.2019. Notices u/s 143(2) and 142(1) of the Act were issued to the appellant.

2.1 On perusal of the reply furnished by the appellant, the AO noted that the assessee company was incorporated under section 25 of the Companies Act, as a business correspondent (BC) for banks and worked as a BC of State Bank of India during the year under consideration. Further, the AO noticed that in violation of the terms and conditions of the agreement entered into between the assessee and the SBI the assessee received an amount of Rs.1,23,85,000/- in its bank account

maintained with SBI from the bank account of Mr. Shujaat Hussain, an employee of M/s. Aman Enterprises, Customer Service Point (CSP).

2.2 The AO asked the assessee to provide the copy of document which authorized Mr. Shujaat Hussain to collect money in cash from the public and/or further remit the same to the account of the assessee company. The AO also asked the assessee to provide details of the names and address with identity of the individuals and other persons from whom the amounts in cash were collected. However, the AO noted that the assessee failed to provide the said details. Therefore, the AO held that the assessee received an amount and was beneficiary of Rs.1,23,85,000/- through bank transfer from the savings bank account of Mr. Shujaat Hussain. Accordingly, the AO treated the receipts in the hands of the assessee amounting to Rs.1,23,85,000/- as unexplained cash credit u/s 68 of the Act as the assessee failed to establish the source to the satisfaction of the AO. Accordingly, the AO completed the assessment proceedings u/s 143(3)/ 147 of the Act on 20.12.2019 assessing total income at Rs.1,24,17,168/- by making addition of Rs.1,23,85,000/- u/s 68 of the Act.

3. Aggrieved with the said order, the assessee filed an appeal before the Ld. CIT(A). The Ld. CIT(A) deleted the said addition after noting that the modus operandi of Business Correspondent and the Customer Service Provider in remote areas as per the arranged agreement with State Bank of India was omitted to be

considered from the ground level by the AO. The Ld. CIT(A) noted that it was clearly evident as per the agreement that the Business Correspondent will maintain a 'settlement account' in which the Customer Service Providers who would deposit either cash or through bank transfer. The Ld. CIT(A) further noted that in the present case, there was no cash transactions except bank transfer and the AO failed to examine the bank transactions and proceeded to tax the bank transfer between CSP agent and the Business Correspondent agent ignoring the 'settlement account' maintained with SBI on which transactions, the assessee would be receiving commission income. The Ld. CIT(A) also took note of the fact that the assessee was regularly filing its return of income. The relevant extract of the order of the Ld. CIT(A) is reproduced as under:

*5.1 I have examined the grounds of appeal, the assessment order and the facts emanating from the record and the written submissions of the appellant.*

*5.2 The only issue involved in the present appeal is with regard to bank transfer of an amount of Rs.1,23,85,000/- from the savings bank account of Mr Shujaat Hussain an employee of M/s Aman Enterprises, Prop Mr Sharaf Mohammad.*

*5.3 During the assessment proceedings, the appellant submitted that the appellant was a Business Correspondent Agent of State Bank of India and that vide SBI Bank a/c No 31692108891 of Mr Shujaat Hussain, an employee of M/s Aman Enterprises Prop. Sharaf Mohammed, a Customer Service Point of the appellant has deposited the cash in 'settlement account' to be maintained with SBI.*

*5.4 The AO after examining the contentions rejected the claim and proceeded to add the amount of Rs.1,23,85,000/- received through bank transfer from the CSP agent of the appellant.*

*5.5 During the course of appellant proceedings, the appellant submitted same details that were produced before the AO and contended that there is no cash deposit or involvement of personal transactions through the designated accounts maintained by Customer Service Point and the Business Correspondent as per the written*

agreement registered with State Bank of India and the transactions will be routed through a 'settlement account which require to be maintained and monitored by the SBI.

5.6 *The modus operandi of Business Correspondent and the Customer Service Provider in remote areas as per the arranged agreement with State Bank of India was omitted to be considered from the ground level by the AO. It is clearly evident as per the agreement that the Business Correspondent will maintain a settlement account in which the Customer Service Providers who would deposit either cash or through bank transfer. In the present case, there is no cash transactions except bank transfer. The AO failed to examine the bank transactions and proceeded to tax the bank transfer between CSP agent and the Business Correspondent agent ignoring the 'settlement account' maintained with SBI on which transactions, the appellant would be receiving commission income.*

5.7 *As the appellant is regularly filing the Returns of income and in view of the above facts, I decline to accept the action of the AO and the addition made of Rs.1,23,85,000/- between the CSP agent of the appellant and the Business Correspondent (appellant) with whom SBI has entered into an agreement for operating the rural banking facilities for nominal commission, is deleted. Accordingly, the grounds raised by the appellant in this regard are allowed.”*

*(emphasis supplied by us)*

4. Aggrieved with the said order, the Revenue is in appeal before us on the following grounds of appeal:

*“1. The Ld. CIT(A) has erred in deleting the addition of Rs.1,23,85,000/- made u/s 68 of the Income Tax Act, 1961.*

*2. The Ld. CIT(A) has erred in ignoring the fact that the assessee is not allowed to render the services through sub-contractors without the written prior approval of the bank before engaging sub-contractors as per agreement made with SBI dt. 07.01.2009.*

*3. The Ld. CIT(A) has erred in failing to appreciate that the addition was made due to the assessee's inability to established the source of the deposits during the assessment proceedings.*

*4. The Appellant craves leave to modify, add or forgo any grounds of appeal at any time before or during the hearing of this appeal.”*

5. The Ld. Sr. DR supported the order of the AO and the grounds of appeal.

6. The Ld. Sr. AR supported the order of the Ld. CIT(A).

7. We have heard both the parties and perused the material available on record.

The Ld. CIT(A) deleted the said addition after noting that the modus operandi of Business Correspondent and the Customer Service Provider in remote areas as per the arranged agreement with State Bank of India was omitted to be considered from the ground level by the AO. The Ld. CIT(A) noted that it was clearly evident as per the agreement that the Business Correspondent will maintain a 'settlement account' in which the Customer Service Providers who would deposit either cash or through bank transfer. The Ld. CIT(A) further noted that in the present case, there was no cash transactions except bank transfer and the AO failed to examine the bank transactions and proceeded to tax the bank transfer between CSP agent and the Business Correspondent agent ignoring the 'settlement account' maintained with SBI on which transactions, the assessee would be receiving commission income. The Ld. CIT(A) also took note of the fact that the assessee was regularly filing its return of income. No contrary facts could be brought on record by the Ld. Sr. DR to contest the findings of the Ld. CIT(A). In the given facts, the order of the Ld. CIT(A) acceptable and the same is upheld. Ground nos. 1 to 3 of the appeal are dismissed.

8. In the result, the appeal of the Revenue is dismissed.

Order pronounced in the Open Court on 30.01.2026

**Sd/-**  
**(CHALLA NAGENDRA PRASAD)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(BRAJESH KUMAR SINGH)**  
**ACCOUNTANT MEMBER**

Dated: 30/01/2026.

Pooja/-

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT NEW DELHI