

**INCOME TAX APPELLATE TRIBUNAL  
AGRA BENCH "SMC": AGRA  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 395/AGR/2025  
(Assessment Year: 2017-18)**

JVH Technologies Pvt. Ltd, Shop No. A28, V. S. Plaza, Sector-3A, Avas Vikas Colony, Sikandra, Agra	Vs.	ITO, Ward-2(1)(1), Agra
(Appellant)		(Respondent)
<b>PAN: AADCJ3746N</b>		

Assessee by :	Shri Rohit Dua, CA
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	21/01/2026
Date of pronouncement	03/02/2026

**ORDER**

1. The appeal in ITA No. 395/AGR/2025 for AY 2017-18, arises out of the order of the Id National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 05.06.2025 against the order of assessment passed u/s 147 r.w.s. 144 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 22.05.2023 by the Assessing Officer, Assessment Unit, Income Tax Department (hereinafter referred to as 'Id. AO').

2. At the outset, the Learned AR before me stated that Ground No. 2 raised by the assessee is not pressed as the Learned AO pursuant to the setting aside of the assessment by the Ld. CIT(A) had deleted this addition and accordingly there is no grievance left for the assessee. Considering the

same, the Ground No. 2 raised by the assessee is hereby dismissed as not pressed.

3. The Ground No. 1 raised by the assessee is challenging the confirmation of disallowance made u/s 40A(3) of the Act in respect of salary paid to Directors Ms. Ruchi Bhatnagar and Mr Vivek Bhatnagar.

4. I have heard the rival submissions and perused the materials available on record. The assessee is a private limited company and had filed its return of income for the assessment year 2017-18 on 27-10-2017 declaring total income of Rs. 1,88,290/-. The case of the assessee was sought to be reopened vide issuance of notice under section 148 of the Act on 31.03.2021. Pursuant to the decision of the Hon'ble Supreme Court in the case of Ashish Agarwal, show-cause notice was issued u/s 148A(b) of the Act furnishing the reasons recorded for reopening and an order under section 148A(d) of the Act was passed on 30.07.2022. Thereafter, final notice under section 148 of the Act was issued to the assessee on 30.07.2022. No return of income was filed by the assessee in response to the said notice. However, the assessee submitted that the return filed originally on 27.10.2017 may be considered as a return in response to the notice under section 148 of the Act. The Learned AO noted that assessee had paid salary to Ms Ruchi Bhatnagar and Mr Vivek Bhatnagar in cash. The assessee clarified before the Learned AO that monthly salary payable to Ms. Ruchi Bhatnagar was Rs 25,000 and to Mr. Vivek Bhatnagar was Rs 30,000. Both are directors of the assessee company. Against the salary due, Rs 20,000 was paid to Ms Ruchi Bhatnagar monthly in cash and rest of the amount was paid through cheques. Similarly, against the salary due, Rs. 20000 was paid in cash to Mr Vivek Bhatnagar and rest paid through cheques. The assessee enclosed the ledger account of Ruchi Bhatnagar's

salary account and Vivek Bhatnagar's salary account. The Learned AO ignored the contentions and made disallowance under section 40A(3) of the Act on the ground that assessee had made cash payment in excess of Rs 20,000 and completed the assessment. This action of the Learned AO was upheld by the Learned NFAC.

5. I have gone through the ledger of Ruchi Bhatnagar's salary account and Vivek Bhatnagar's salary account as appearing in the books of the assessee and I find that there was no cash payment in excess of Rs 20,000 on a single day and it is paid on a monthly basis to both the parties. In my considered opinion, there was no violation of provisions of section 40A(3) of the Act at all. Hence, there cannot be any disallowance made in the sum of Rs 4,80,000. Accordingly, I direct the Learned AO to delete the same and allow the Ground No. 1 raised by the assessee.

6. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the open court on 03/02/2026.

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 03/02/2026  
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi