

**INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH "DB": AGRA
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER
AND
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER**

**ITA No.494/AGR/2025
(Assessment Year: 2014-15)**

ACIT, Circle-2(1)(1), Agra	Vs.	Sunil Kumar Joshan, Foot On Shoes, 7 th KM Stone, Agra Delhi Bye Pass Road, Agra
(Appellant)		(Respondent)
		PAN: ABQPJ4015P

**CO 07/AGR/2025
(In ITA No.494/AGR/2025)
(Assessment Year: 2014-15)**

Sunil Kumar Joshan, Foot On Shoes, 7 th KM Stone, Agra Delhi Bye Pass Road, Agra	Vs.	ACIT, Circle-2(1)(1), Agra
(Appellant)		(Respondent)
PAN: ABQPJ4015P		

Assessee by :	Shri Sahib P. Satsangi, CA
Revenue by:	Shri Sukesh Kumar Jain, CIT DR
Date of Hearing	22/01/2026
Date of pronouncement	11/02/2026

ORDER

PER M. BALAGANESH, A. M.:

1. The appeal in ITA Nos. 494/AGR/2025 filed by the revenue and CO 07/AGR/2025 filed by the assessee for AY 2014-15, arises out of the order of the Id National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 19.08.2025 for AY 2014-15 against the order passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the

Act') by of the Id Assessing Officer, ACIT, Circle-2(1)(1), Agra (hereinafter referred to as 'Id. AO') dated 29.12.2016.

2. The revenue has raised the following grounds of appeal before me:-

"1. That having regard to facts and circumstances of the case, learned CIT(A) NFAC having upheld the genuineness of the art exhibition business undertaken through M/s PHI Events Singapore after 1 examination of the documentary evidences furnished during the assessment proceedings was correct in deleting the addition made of Rs. 3,67,46,724 made under section 68 r.w.s. 115BBE of the I.T. Act, 1961.

2. That having regard to facts and circumstances of the case, learned CIT(A) NFAC considered and appreciated the realisation of the sale consideration in the bank account of the appellant with reference to information collated as per Annexure 6 to the submissions, providing detail of Artwork and price, Invoice of consignment sale and Transit insurance, Import GST paid in Singapore and Sale invoices issued at 2 Exhibition, Particulars of buyers with mode of payment realised by M/s PHI Events and amounts remitted to Artists (owners of paintings providing reference to the bank statement, gross sale consideration of painting in Exhibition, Commission earned by the appellant with copy of account of the artists and thereby accepted the identity, genuineness and the creditworthiness of the source of the deposits in the bank account of the appellant.

3. That having regard to facts and circumstances of the case the learned Assessing Officer grossly erred in converting limited scrutiny to complete scrutiny on 20.10.2016 even though notices broadening the scrutiny beyond the scope of limited scrutiny were issued prior to 20.10.2016, which is bad in law and the entire proceedings under section 143(3) of the Act are liable to be quashed.

4. That having regard to facts and circumstances of the case the entire assessment proceedings are void and illegal as the learned Assessing 4 Officer, ACIT Circle 2(1)(1), Agra has no jurisdiction over the appellants case. The assessment made is liable to be cancelled/annulled."

3. I have heard the rival submissions and perused the materials available on record. The Assessee is a proprietor of the concern M/s Sanchit Art since assessment year 2010-11 and has experience in the line of business. Till financial year 2012-13, the Assessee was conducting the business of sale and

exhibition of paintings and arts from Agra and nearby places. On account of lack of takers of art paintings, after suffering initial losses, the Assessee discovered new markets and decided to undertake consignment sale business on commission through agency of M/s PHI Events at Singapore by displaying and selling the paintings in exhibition arranged by M/s PHI Events at Singapore. During the year under consideration, there are two segments of business activities for Assessee i.e. sale of paintings in India and consignment sale of paintings at Singapore. The Assessee prepared separate trading and profit loss account for each of the segment and submitted the same before the Learned AO as under:-

Net profit from Exhibition sale at Singapore – Rs. 87,24,550	
Net loss from sales in India	- (Rs.33,59,296)
Consolidated Net Profit	- Rs. 53,65,253

4. With regard to the business conducted at Singapore, the assessee made the following realizations:-

Date	Particulars	Amount INR	Amount SGD
07.05.2013	Bill ID 13027FTTI03252	87,82,000	200000
15.05.2013	Bill ID 13027FTTI03253	1,42,67,500	325000
19.06.2013	Bill ID 13027FTTI04472	75,32,348	161812
	Total	3,05,81,848	686812

5. During the course of assessment proceedings, the assessee was asked to explain the source of the above mentioned credits. It was explained that the amount pertains to the net consideration received through exhibition sale of paintings organized in Singapore after deduction of expenses. The paintings sold in Singapore belonged to various Artists which were showcased by the assessee's proprietary concern M/s Sanchit Art, and he earned

commission at the rate of 50% on such sale of paintings done in Singapore.

The assessee explained that out of the gross realization from sale of paintings at Singapore through M/s PHI Events (agency which organized exhibition sales in Singapore) amounting to Rs.3,67,46,724 and deduction of expenses of Rs.61,64,876, the net realization of Rs.3,05,81,848 was remitted into his bank account in India by M/s PHI Events.

6. The Learned AO, however, ignored the aforesaid contentions of the assessee and concluded that the consideration of Rs. 3,67,46,724 is unreal and emanating out of a colourable device used by the assessee to bring back his unaccounted income and treated the same as unexplained cash credit under Section 68 read with section 115BBE of the Act without conducting any enquiries on his side. The following are the documentary evidences submitted by the assessee before the Learned AO to prove the nature and source of credit of the aforesaid sums:-

Sl No.	Particulars	PB Page No.
1	Invitation letter of PHI Singapore dated 28.08.2012 with enclosures	15-17
2.	Confirmation PHI Events Singapore dated 12.08.2013 providing details of sales effected at Singapore, expenses and remittances made to the account of the assessee in India	18-19
3.	Copy of authorisation letter of assessee is favour of PHI Singapore dated 09.05.2013	20
4	Copy of Invoice drawn by Sanchit Art in favour of consignee The Art House, 1, Old Parliament Lane, Singapore (Authenticated and certified by PL Meena Dy. Suptd. Archaeologist Custom ASI, Delhi)	21-44
5	Copy of letter of IDBI Bank addressed to the Dy. Commissioner of Customs Export Shed IGI Airport Delhi dated 05.04.2013 (Total value as per Export Invoice USD 605604.00 verifiable with reference to invoice value on page 215)	45
6.	Copy of Shipping Bill No. 4834158 dated 05.04.2013 issued under Indian Customs EDI System (ICES) (Details of painting as per Page 231 verifiable with reference to invoice pages 205-228)	46-59

7.	Copies of Airway Bill (Total no. of Pieces 13 verifiable with reference to Page 228, Invoice details and Shipping Bill of Export Page 230 in the name of The Art House, Singapore)	60																				
8.	Copy of letter dated 14.03.2014 addressed to IDBI Bank, Sanjay Place, Agra (Explaining the Export of Paintings USD 605604, verifiable with reference to invoice Pages 205-215, Import of unsold painting USD 300966, verifiable with reference to invoice Pages 257-258 and realisation of SGD 686812 equivalent Rs. 3,05,81,848 verifiable from IDBI Bank Current A/c No. 0080102000037882 Page 324 as under	61-63																				
	<table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Amount INR</th> <th>Amount SGD</th> </tr> </thead> <tbody> <tr> <td>07.05.2013</td> <td>Bill ID 13027FTT103252</td> <td>87,82,000</td> <td>200000</td> </tr> <tr> <td>15.05.2013</td> <td>Bill ID 13027FTT103253</td> <td>1,42,67,500</td> <td>325000</td> </tr> <tr> <td>19.06.2013</td> <td>Bill ID 13027FTT104472</td> <td>75,32,348</td> <td>161812</td> </tr> <tr> <td></td> <td>Total</td> <td>3,05,81,848</td> <td>686812</td> </tr> </tbody> </table>	Date	Particulars	Amount INR	Amount SGD	07.05.2013	Bill ID 13027FTT103252	87,82,000	200000	15.05.2013	Bill ID 13027FTT103253	1,42,67,500	325000	19.06.2013	Bill ID 13027FTT104472	75,32,348	161812		Total	3,05,81,848	686812	
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9.	Copies of letter of IDBI Bank Delhi mentioning the Bank A/c No. Deutsche Bank Singapore from where foreign remittance has come (Foreign Bills Transaction Advice explaining realisation of SGD 686812 equivalent Rs. 3,05,81,848 from PHI Events, Singapore verifiable from IDBI Bank Current A/c No.0080102000037882 Page 324)	64-69																				
10.	Letter corresponding with IDBI Bank (Explaining the realisation in Bank from PHI Events Singapore)	70-73																				
11.	Letter DGFT about statement of Bank Realisation	74-75																				
12.	Copy of Invoice issued by The Art House 1, Old Parliament Lane, in favour of assessee regarding return of unsold paintings with copies of Packing list of Paintings with complete details of Art Work, Artists, Painting ID, Size Medium and Crate No. 1, 3, 4, 5	76-82																				
13.	Copies of Airway Bills of unsold goods returned back (Total no. of Pieces 5 verifiable with reference to Page 259-263, Invoice details and Shipping Bill of Import Page 257-258 in the name of The Sanchit Arts, Agra, India) (Explaining import value USD 300966 in respect of return of unsold paintings)	83-106																				
15.	List of customers with complete address to whom paintings at Sold in Singapore	107-108																				
16.	Copies of Invoices of Sale of Paintings at Singapore Camp office at Singapore Exhibition Site	109-133																				
17.	List with name and addresses of Artists (owners) of Paintings	134																				

18.	Copies of Cargo Clearance permit which contains details of GST amount paid at Singapore by PHI Events on sale of paintings which was eventually borne by the assessee	135-148
19.	Copy of IDBI Bank Statement (Evidencing realisation of the proceeds from PHI Events Singapore and in turn payments made to the Artists (owners) of Paintings after deduction of commission)	149-153
21.	Copy of accounts of the Artists (owners) of the Paintings with details of payment made to them (Explained with reference to the payments made from the IDBI Current A/c No.0080102000037882Page 324-327)	154-162
22.	Evidence of business profile of PHI Events Singapore (Regn. no. 530317678) before Accounting and Corporate Regulatory Authority (ACRA) Singapore	163-165

7. In order to further explain the issue, the assessee also furnished details of consignment sale of artwork exhibition at Singapore with details of buyers, mode of realization of sale proceeds by PHI Events, remittance by them to the bank account of assessee in India, payments made to the artists (owners of the paintings) and commission earned by the assessee vide submissions dated 18-07-2023. It was also explained that the total value of the exhibition sales works out to Rs 3,63,28,939 equivalent to SGD 827350 which tallies with the confirmation given by M/s PHI Events filed and not of Rs 3,67,46,724 as taken by the Learned AO. Accordingly, the net sale consideration amounted to Rs 3,05,81,848 after deduction of GST, commission of M/s PHI Events and expenses at the exhibition in Singapore, the net amount of the sale proceeds was remitted to the bank account of the assessee in India by M/s PHI Events, Singapore.

8. These facts and documentary evidences were duly appreciated by the Learned NFAC and addition made under section 68 of the Act was deleted by observing as under:-

"5.2.3 On examination of the facts on record and the material evidence presented by the appellant, the following observations are made:

The art exhibition stated to be held at Singapore as claimed is supported by invitation letter of PHI Singapore dated 28.08.2012 with enclosures, Confirmation of PHI Events Singapore dated 12.08.2013 providing details of sales effected at Singapore, expenses and remittances made to the account of the assessee in India and Copy of authorisation letter of assessee in favour of PHI Singapore dated 09.05.2013. The event is also found available in the public domain as it is seen listed on known art websites on the internet such as <https://www.saffronart.com/>.

It is noted that a simple internet search throws up sufficient evidence of the identity of the entity PHI events and its CEO Ritika Khattar who is the signatory to the invite issued to the appellant. The appellant has also submitted evidence in the form of business profile of PHI Events Singapore (Regn, no. 530317678) before Accounting and Corporate Regulatory Authority (ACBA) Singapore vents

In view of the above I find that the genuineness of the event i.e. art exhibition in which the appellant claimed to have participated is established. The appellant further submitted that not only was he presently continuing in the same line of business but also that the business relationship with M/s PHI Events was being continued and he was regularly engaging them for events at Singapore.

5.2.4 As regards whether the appellant actually participated in the event and sold paintings of various artists as claimed, the evidence furnished in this regard includes copy of invoices drawn by Sanchit Art in favour of consignee 'The Art House, 1, Old Parliament Lane, Singapore', Copy of letter of IDBI Bank addressed to the Dy. Commissioner of Customs Export Shed IGI Airport Delhi dated 05.04.2013, Copy of Shipping Bill No. 4834158 dated 05.04.2013 issued under Indian Customs EDI System (ICES), Copies of Airway Bill, Invoice details and Shipping Bill in the name of The Art House, Singapore, copy of letter dated 14.03.2014 addressed to IDBI Bank, Sanjay Place, Agra The appellant also brought to notice that the invoice incorporates complete information of the work of art viz. photo, name of the painter,

ID, Size, Medium, year, quantity, rate CIF USD and value CIF USD. Thus, the paintings belonging to various artists of the CIF value of USD 605604 were exported on Consignment basis to The Art House, Singapore. Further, these goods/objects of art mentioned in the invoice were examined by Sh. PL Meena Dy. Suptd. Archaeologist Custom ASI, Delhi, as per his authentication and certification provided in this invoice and it was submitted that the complete packing list was also filed before the Ld. AO giving the above description of each paintings.

That the paintings were exported outside India through proper Custom Clearance is seen to be duly supported by the documents furnished by the

appellant. Further, it was pointed out that the above exports were insured under Transit Insurance Policy of Oriental Insurance Co. Ltd. 215200/21/2014/3 dated 05.04.2013 and the Insurance premium of Rs. 67,366 included in the total expenses of Rs. 95,112 debited in the books of the assessee.

It is noted that the Shipping Bill No. 4834158 dated 05.04.2013 issued under Indian Customs EDI System (ICES) and Airway Bill of Singapore Airlines Cargo contains full description of the goods cleared from the Indian Customs and the same is verifiable with reference to the Invoice issued by the assessee

On examination of the above evidences find that the appellant has credibly supported his contention that the impugned paintings were transported to Singapore for exhibition and sale.

that in the course of scrutiny the had concluded that 5.2.5 As regards whether actual sale of the above paintings took place, it is noted

i. Assessee could not furnish the genuineness of buyer OME TAY DEPARTM

ii Further, assessee could not produce following to justify its sale of paintings made in Singapore, even after being provided multiple opportunities :

(a) Details regarding mode and date of receipt of payment from purchasers of paintings

(b) Copy of bank statement in which the sale proceeds were received in Singapore

(c) Details of account through which consideration was credited from Singapore to the IDBI account of assessee in India.

(d) Proof of payment received in Singapore.

(e) Bills and vouchers related to expenses made in Singapore since same have been debited into the P&L account of assessee.

(f) Confirmation from PHI events, the event management company in Singapore regarding receipt of sale consideration in its account.

The A.O noted that mere production of Airway bill and shipping bill is not sufficient to establish that the paintings had actually been sold and they have fetched the amounts as claimed by the assessee, He questioned why paintings were not insured while transporting. AO further noted that paintings have been billed on the basis of weight. No valuation of paintings is there on any of the

documents presented by the assessee viz. airway bill, the custom shipping bill for export etc.

It was concluded from the assessee's submissions, that the only fact which can be established is that assessee transported paintings to Singapore packed in cartons, whose transportation was charged on per Kg. weight basis.

Regarding payment of GST the A.O noted that in none of the sale invoices produced by the assessee, there is mention of GST or any local sales tax being paid in Singapore. Assessee submitted that sales were made by PHI Évents, Singapore on its behalf. However assessee could not furnish the supporting documents to substantiate that PHI events paid taxes on its behalf

5.2.6 However, on examination of the evidences produced, and the appellant's detailed submissions in this regard, I find that the appellant had provided the list of customers with complete address to whom paintings were sold in Singapore along with copies of invoices of sale of paintings at the Singapore Exhibition Site. The appellant submitted that learned AO's direction to furnish the bank account of M/s PHI Events was beyond the competence and authority of the assessee to obtain. However, the confirmation from the said party was placed before the learned AO during the course of the proceedings mentioning the details of exhibition sales, expenses and remittances made. Further, the Foreign Bill Transaction Advice issued by IDBI Bank explaining the remittance from Deutsche Bank of PHI Events Singapore was furnished by which the source of the credit received by the appellant into his bank account can be said to have been substantiated.

With regard to the observation that in the sale invoices produced by the assessee does not mention of any GST or local sales tax paid in Singapore, the appellant submitted that as per the laws prevalent in Singapore GST on the paintings sold has been levied and worked out as per the Cargo Clearance Permit of Santa Fe Relocation Services (S) PL For PHI Events.

The copy of the Tax Invoice issued in the name of M/s PHI Events Singapore by Santa Fe Relocation Services, Singapore was filed and it was submitted that the total GST of 54125.70 SGD has been considered and deducted by M/s PHI Events as per confirmation letter issued by them.

5.2.7 The appellant has also furnished evidence that he had written to his bankers IDBI Bank, Sanjay Place, Agra informing the realization of the proceeds explaining that he had exported 73 works of Art valued USD 605604 vide GR No. 4834158 dated 05.04.2013 and out of which 39 works of Art valued to USD 300966 had been returned back and the realization of USD 686812 has been made into his bank account no. 0080102000037882 in IDBI Bank and requested for the release of the GR and generation of the Bank Realisation Certificate (BRC) on DGFT Portal required under FEMA Rules. The

fact that the unsold paintings were imported back into India by the assessee and the copy of the Invoice of M/s The Art House, 1 Old Parliament Lane, Singapore along with the packing details, Airway Bill and Custom Clearance placed on record further support the appellant's contentions.

5.2.8 To demonstrate that the amounts credited in his bank account were actually received from the impugned sales at Singapore, the appellant has submitted copies of letter of IDBI Bank Delhi mentioning the Bank A/c No. Deutsche Bank Singapore from where foreign remittance has come (Foreign Bills Transaction Advice explaining realisation of SGD 686812 equivalent Rs. 3,05,81,848 from PHI Events, Singapore which is verifiable from IDBI Bank Current A/c No.0080102000037882); Letter corresponding with IDBI Bank (Explaining the realisation in Bank from PHI Events Singapore); Letter to DGFT about statement of Bank Realisation; Copy of IDBI Bank Statement (Evidencing realisation of the proceeds from PHI Events Singapore and in turn payments made to the Artists (owners) of Paintings after deduction of commission); Copies of Airway Bills of unsold goods returned back and realisation of SGD 686812 equivalent Rs. 3,05,81,848 verifiable from IDBI Bank Current A/c No.0080102000037882 as under TAX DEPAR

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<i>Total</i>		<i>3,05,81,848</i>	<i>686812</i>

5.2.9 It is also noted that the appellant's IDBI Bank Statement further reflects debits to various artists, which demonstrates that after realisation of the proceeds from the sale at Singapore, payments were made to the Artists who created and were owners of the paintings. Appellant also furnished copy of accounts of the Artists with details of payments made to them.

Further it is also noted that Form 15CA/CB is not applicable to inward remittances, hence A.O's adverse observations in this regard are not germane to the issue.

5.2.10 Taking the entire conspectus of material facts before me, documentary evidences submitted along with detailed explanations, I find that the appellant had submitted credible evidence before the A.O as well as in the present proceedings before me, to explain the source of the amount of Rs. 3,67,46,7247/- claimed as gross receipts from exhibition sale of paintings at

Singapore. Accordingly, the addition u/s 68 is found to be unjustified and is deleted.

5.3 Ground 10 is with regard to claim of deduction u/s 80G.

9. On going through the aforesaid elaborate documentary evidences, I find that there were indeed export of paintings through customs clearance, sales were made at the exhibition in Singapore with reference to the sale invoices of paintings at exhibition site, which is supported with reference to the confirmation of M/s PHI Events, Singapore, and M/s PHI Events after detecting expenses, GST and commission had remitted the monies into the bank account of the assessee together with M/s PHI Events returning the unsold artwork into India and request for Bank Realization Certificate (BRC) on DGFT Portal under FEMA Rules by IDBI bank and the copy of IDBI bank statement from where the remittances were made to the artists which is verifiable from IDBI bank statement and copy of account of the artists in the books of the assessee. I find that these are clinching evidences and assessee had been able to explain the nature and source of credit within the meaning of section 68 of the Act beyond reasonable doubt. No part of such evidence or no part of such credit could be treated as unexplained by the assessee.

10. During the course of hearing, the learned DR vehemently argued that copy of ledger account of artists and copy of IDBI bank statements were placed as additional evidences by the assessee before the learned NFAC which was not put to test by the learned AO thereby violating principles of natural justice in terms of Rule 46A of the Income Tax Rules. Per Contra, the learned AR submitted that absolutely no additional evidences were furnished before the learned NFAC by the assessee and that the very same documents were indeed furnished before the learned AO also and sought time to produce those evidences in the next date of hearing. Accordingly, the matter was adjourned to next day, on which date the learned AR at my behest filed second paper

book containing pages 218 to 370 wherein duly certifying that the copy of IDBI bank statement and the copy of ledger account of artists were indeed furnished before the learned AO itself. Hence it could be safely concluded that there were no additional evidences filed by the assessee before the Learned NFAC and accordingly the argument of the learned DR regarding violation of Rule 46A of the IT Rules is hereby dismissed. Hence, I have no hesitation to hold that despite all the contemporaneous documentary evidences placed on record by the assessee before the learned AO by proving the nature and source of credit within the meaning of section 68 of the Act beyond reasonable doubt, the learned AO failed to appreciate the same. None of the evidences submitted by the assessee before the lower authorities could be controverted by the revenue by bringing in contrary evidences. Those evidences were duly appreciated by the learned NFAC while granting the relief, on which I do not find any infirmity. Hence, the grounds raised by the revenue are dismissed.

11. The Cross Objections preferred by the assessee are only supportive of the order of the learned NFAC.

12. In the result, the appeal of the revenue is dismissed and cross objection of the assessee is dismissed as infructuous.

Order pronounced in the open court on 11/02/2026.

-Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 11/02/2026
A K Keot

Copy forwarded to

1. Applicant
2. Respondent

3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi