

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "C": NEW DELHI
BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 4877/Del/2025
(Assessment Year: 2014-15)

Vinod Kumar Jain, ND-60, Pitam Pura, Delhi	Vs.	Income Tax Officer, Ward-1, Sonapat, Haryana
(Appellant)		(Respondent)
PAN: ADAPJ7267R		

Assessee by :	Shri Sanjay Gupta, CA
Revenue by:	Shri Om Prakash, Sr. DR
Date of Hearing	13/01/2026
Date of pronouncement	11/03/2026

O R D E R

PER M. BALAGANESH, A. M.:

1. The appeal in ITA No.4877/Del/2025 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 18.07.2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 13.12.2016 by the Assessing Officer, DCIT, Circle-1, Faridabad (hereinafter referred to as 'Id. AO').
2. The only effective issue to be decided in this appeal is as to whether the Id CIT(A) was justified in upholding the addition of Rs. 34,81,975/- on

account of advances received from customers u/s 68 of the Act in the facts and circumstances of the instant case.

3. We have heard the rival submissions and perused the materials available on record. The assessee is a proprietor of M/s. Nikki Jewellers. The assessee is engaged in the business of the sale/ purchase of Gold/ Jewellery. The return of income for AY 2014-15 was filed by the assessee on 01.10.2014 declaring total income of Rs. 15,24,930/-. The Id AO noted from the balance sheet of the assessee that the assessee had shown current liabilities at Rs. 4,51,72,273/- which included advances received from customers. The assessee furnished the complete details of advances received from customers containing the name and address from whom the advances were received, order number, advance amount received, date of receipt and closing balance as on 31.03.2014 together with the details of said advances getting converted into sales in subsequent years in a tabular form. The assessee also gave an explanation before the lower authorities that various customers select the design of ornaments which are not readily available, for which purpose, they make a booking by making payment of some advance. The said amount received is shown as advance received in the liability side of the balance sheet and as and when the concerned ornaments design is delivered to the customers, sale invoice is raised and amounts are transferred from advance received to the sales account and income booked accordingly. This is a regular practice followed by the assessee and accordingly the assessee had furnished the details of advances received from customers that are lying outstanding as on 31.03.2014. It was also submitted that the practice followed by the assessee has been accepted in the past by the revenue. The assessee also furnished confirmation from 19 parties confirming the fact of having deposited advance amount with the assessee along with their identity

proofs. The Id AO noted that the confirmation was filed by the assessee only for 19 customers out of 177 customers and all the advances received were in cash. The Id AO also noted that no customer would wait for such a long time after depositing the advance with the assessee for getting designed jewellery from the assessee. Accordingly, the explanation given by the assessee was disbelieved and an addition was sought to be made on account of advance received from the customers which stood confirmed by the Id CIT(A) to the extent of advance received not getting crystallized into sales in subsequent years. However, the Id CIT(A) gave relief to the extent of advance getting converted into sales till the completion of assessment proceedings and sustained only the remaining portion in the sum of Rs. 34,81,975/- on the ground that the assessee could not give details of future sales made against such advance received in respect of 78 customers. Before us, the assessee filed additional evidences containing a tabulation to prove the advance subsequently getting converted into sales in the period post completion of assessment proceedings. In our considered opinion, these additional evidences are relevant and crucial for adjudication of the issue in dispute and hence, the same are hereby admitted. Since, the said evidences require factual verification by the Id AO, we deem it fit and appropriate to restore this issue to the file of the Id AO for verification and Id AO is directed to decide the issue in the light of additional evidences submitted. The assessee is also given liberty to furnish further evidences, if any, to prove the conversion of advances received into sales or refund of advance to the concerned customers or forfeiture of advances received from customers as the case may be, in support of his contentions. With these directions, the grounds raised by the assessee are allowed for statistical purposes.

4. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open court on 11/03/2026.

-Sd/-

(CHALLA NAGENDRA PRASAD)
JUDICIAL MEMBER

-Sd/-

(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 11/03/2026
A K Keot

Copy forwarded to

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

ASSISTANT REGISTRAR
ITAT, New Delhi