

**IN THE INCOME-TAX APPELLATE TRIBUNAL, MUMBAI "SMC" BENCH, MUMBAI
BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER AND
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER
ITA No. 5906/MUM/2025 (AY:2017-18)**

M/s Houston Tours and Travels 3 rd Floor Manohardas Road, Boribuilder, C.S.T., Mumbai – 400001	vs.	Dy. Commissioner of Income Tax Central Circle 2(2) Maharshi Karve Road, New Marine Lines, Mumbai-400020
PAN/GIR No: AAJFH8097D		
(Appellant)		(Respondent)
Appellant by	Shri Jayant Bhatt	
Respondent by	Shri V. Vinodkumar, (Sr. DR)	
Date of Hearing	25.02.2026	
Date of Pronouncement	06.03.2026	

ORDER

PER BIJAYANANDA PRUSETH, AM:

This appeal filed by the assessee emanates from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'Act') by the Commissioner of Income-Tax (Appeals)-48, Mumbai, [in short, 'CIT(A)'], dated 29.07.2025 for the assessment year (AY) 2017-18.

2. The grounds of appeal raised by the assessee are as under:

"1) That the Learned Commissioner of Income Tax (Appeals) - 48, Mumbai, has erred in law and on facts in upholding the addition of Rs. 44,61,500/- as unexplained cash credits under section 68 of the Income-tax Act, 1961, and in taxing the same under section 115BBE of the Act, without properly appreciating the explanations and evidences furnished by the appellant.

2) That the Learned CIT(A) failed to appreciate that the cash deposits in question represented genuine business receipts from sale of air tickets to customers, duly supported by books of accounts, vouchers, and other documents, and therefore the provisions of section 68 of the Act were not applicable.

3) That the Learned CIT(A) erred in ignoring the fact that the appellant had furnished complete details including cash book, purchase and sales register, ledger copies of IATA agents, and passport details of customers, which clearly substantiated the genuineness of transactions and source of deposits.

4) That the Learned CIT(A) erred in law and in fact in upholding the addition without rejecting the appellant's books of account, which were duly maintained and audited. Once the books of account are accepted, no addition under section 68 can be sustained merely on suspicion or conjectures.

) That the Learned CIT(A) erred in disregarding the principle that once sales have been recorded in the regular books of account, the cash realized from such sales cannot again be treated as unexplained income u/s 68, as this results in impermissible double taxation.

6) That the Learned CIT(A) failed to appreciate that acceptance of Specified Bank Notes (SBNs) and their deposit in bank accounts was legally permissible up to 30/12/2016, and hence no adverse inference could have been drawn against the appellant.

7) That the Learned CIT(A) erred in upholding the assessment order based on irrelevant considerations, surmises, and conjectures, such as absence of Shop & Establishment Certificate, doubts about the partnership deed, or the nature of clientele, none of which have any bearing on the applicability of section 68.

8) That the Learned CIT(A) failed to apply binding judicial precedents, including those holding that when the source of cash deposits is duly explained as arising from recorded sales, addition under section 68 cannot be made.

9) That the order passed by the Learned CIT(A) is bad in law, contrary to facts, and deserves to be quashed.

10) On the facts and circumstances of the case and in law the order passed by the Learned CIT(A) being bad in law on various grounds including but not restricted to violation of natural justice and rejection of Laws of Jurisprudence and that the order be Annulled or Set Aside.

11) The appellant craves leave to add, alter, amend, or withdraw any of the above grounds of appeal at the time of hearing."

3. Facts of the case, in brief, are that the assessee filed its return of income electronically for the AY 2017-18 declaring total income of Rs.30,040/-. The assessee is engaged in the business of tours and travel and is mainly into booking of air tickets for individuals traveling abroad for employment etc. The appellant

books the tickets for such travelers and accepts money for booking of such tickets. In turn, it books the tickets from IATA agents, on which it earns commission. The AO found that assessee had deposited cash of Rs. 51,50,650/- in its bank accounts during the demonetization period including Rs. 44,61,500/- in National Co-operative Bank Ltd. and Syndicate Bank in high denomination notes (SBN). The PAN of the assessee firm was applied post announcement of demonetization and it was received on 22.11.2016. The assessee had no bank account till 22.11.2016 and it opened the account on 22.11.2016. The AO observed that partnership deed was dated 26.11.2016 but the date of agreement is 26.10.2016. Further, the date of commencement is 21.10.2016 but stamp paper was issued on 26.10.2016. Hence, the documents could not be relied upon. The assessee submitted that the cash was deposited out of sales made during the year. But, assessee did not submit documentary evidence that tickets were actually booked. The assessee had also not submitted Certificate of Shop and Establishment from the appropriate authority. The burden to prove the genuineness of the transaction and cash deposit was upon the assessee, which was not discharged properly by the assessee. Hence, addition of Rs. 44,61,500/- was made u/s 68 of the Act.

4. Aggrieved by the order of AO, assessee filed appeal before the CIT(A). The assessee made submissions before the CIT(A) on 19.09.2022, 23.11.2023 and 26.04.2025. The CIT(A), after considering the facts of the case, grounds of appeal and submission of the assessee, did not accept the explanation of the assessee

and agreed with the conclusion drawn by the AO. He observed that the assessee is a non IATA agent, that there were large cash deposits during demonetization period, that there was high volume cash sales and low commission rates. He also observed that there was back dated stamp paper, no Shop and Establishment Certificate, sudden influx of cash, group transaction, consecutive transactions for large and unrelated groups, lack of details on vouchers, identical receipt numbers, vague sundry debtors entries, trust deficit, walk in anomaly and accounting irregularities. The CIT(A) observed that there were evidences pointing towards non genuineness of the business operation and transaction and the explanation by the assessee was not satisfactory. The entire operation appears to be a sham designed to channel unaccounted cash into the banking system during the demonetization period. Hence, he confirmed the order of AO and dismissed the appeal.

5. Aggrieved by the order of CIT(A), the revenue filed appeal before the Tribunal. The Ld.AR has filed a paper book and submitted that the findings of the AO and CIT(A) are not correct and against wrong and incomplete appreciation of facts. He submitted that the partners of the firm decided to firm a partnership firm on 21.10.2016. Accordingly, stamp paper was purchased on 26.10.2016 and the draft deed was prepared. However, while printing the partnership deed, the old draft was used where date of execution was mentioned as 21.10.2016. It was only the date of execution which was changed but there was no further

requirement to change the effective date of formation. Thus, the observation of AO that the documents were fabricated is not correct. Since the actual execution was done on 26.10.2016, the date was manually changed to 26.10.2016 because the execution could not be prior to the date of stamp paper itself. The impugned stamp paper was purchased by the authorized vendor on 21.10.2016, and the same was subsequently purchased by the Appellant on 26.10.2016. This is expressly reflected on the reverse side of Page 1 of the Partnership Deed, wherein the name of the partner, Mr. Farhan Shaikh, is recorded as the purchaser of the stamp paper. The Ld.AR further submitted that as per the partnership deed, the partnership was agreed to commence from 21.10.2016. In fact, the partnership was orally constituted on 21.10.2016 and was subsequently reduced into writing and formally executed on 26.10.2016 upon purchase of the requisite stamp paper. Therefore, the discrepancy in dates is purely clerical in nature, duly explained by contemporaneous documentary evidence, and does not render the document fabricated or invalid in law. The Ld.AR also submitted that while obtaining the PAN, the partnership deed was forwarded for allotment of PAN and the authority concerned has rightly taken date of incorporation as 21.10.2016 and, therefore, when the department has already accepted the same as true and correct while issuing PAN, the observation of AO treating the same as fabricated is totally wrong. The bank account was subsequently, opened on 22.11.2016 after

obtaining the PAN. Hence, there is nothing abnormal in the opening of bank account by the assessee.

5.1 The Ld.AR also submitted that the appellant produced the cash book and furnished complete details of the passengers to whom tickets were issued. It was clarified that the tickets were procured through recognized IATA agents, namely (1) JB Travels & Tours (India) Pvt. Ltd., (2) Akbar Travels of India Pvt. Ltd., (3) Creative Tours & Travels (India) Pvt. Ltd. and (4) Trinity Air Travel & Tours Pvt. Ltd. In support, copies of the statements are placed at page Nos. 297-418 of the paper book. As per industry practice, no ticket can be issued without receipt of payment. The ledger accounts record the names of the passengers, and a detailed party-wise reconciliation of sales vis-à-vis corresponding purchases from the said IATA agents has been enclosed at Page Nos. 419-497 of the paper book. The reconciliation specifically includes the passenger's name, passport number, and the corresponding purchase invoice raised by the respective IATA agent. Apart from the reconciliation statement, all primary documents including the cash book, sales book, and IATA ledger accounts were duly furnished before the AO as well as the CIT(A). The appellant's cash book also contains the receipt nos. and name of the persons from whom cash is received. In case of bulk booking of more than one person, single receipt was issued where all the details of persons for whom tickets were booked was clearly mentioned. AO's observation that the appellant had failed to prove that tickets were issued to the persons for whom it had

received cash is incorrect and devoid of merit since these details were always there in ledger copies of the IATA agents submitted (Copies of such ledger copies are attached in paper books page nos. 297-418).

5.2 The Ld.AR also submitted that the AO has only considered cash transactions for the period of demonetization and completely ignored the transactions of cash sales made post such demonetization. The post demonetization cash received and deposited in Bank for the period from 1.01.2017 to 31.03.2016 far exceeds the total cash received and deposited in Bank during the period of demonetization from 8.11.2016 till 31.12.2016. Further the total sales made by the appellant firm for the period from 21.10.2016 till 31.03.2017 was Rs.5.69 crores as against transaction of Rs. 51.50.650/- recorded by the AO during the demonetization period. The month wise sales and cash deposits in Banks were as under :-

(In Rs.)

<i>Month</i>	<i>Cash Deposit</i>	<i>Ticket Sale (Net)</i>
<i>November 2016</i>	<i>5000</i>	<i>1,04,75,585</i>
<i>December 2016</i>	<i>51,50,650</i>	<i>1,10,31,454</i>
<i>January 2017</i>	<i>77,64,140</i>	<i>1,52,80,676</i>
<i>February 2017</i>	<i>44,50,340</i>	<i>80,94,348</i>
<i>March 2017</i>	<i>1,74,62,080</i>	<i>1,21,07,112</i>
<i>Total</i>	<i>3,48,32,210</i>	<i>5,69,89,174</i>

5.3 The Ld. AR submitted that the accounts of the appellant are duly audited and that AO has not found any fault with the same. The total turnover is shown at Rs.5.69 crores. Further, the AO has not rejected the sales or purchase of the

appellant firm or books of account and, therefore, looking to selective data without carrying any independent inquiries renders the entire proceedings bad in law. As regards the observation that appellant had not obtained Shops and Establishment license, the same cannot be the ground for making any additions in the hands of the appellant. As regards additions made u/s 68 is concerned it was submitted that the entire amount added as income is part of sales made by the appellant and hence when the sales is offered to tax, no further addition could be made u/s 68 of the Act. Otherwise, it would tantamount to double taxation which is not permissible in law. In so far as acceptance of cash against sales made during the demonetization period, the ITAT Mumbai in case of Goldman Tapes Private Limited in ITA/547/Mum/2024 has deleted the addition made on same ground. The Ld.AR also submitted that the CIT(A) has merely made an observation without even considering the factual matrix in right perspective and he has advocated the same theory as has been propounded by the AO. He has also failed to consider the fact that the total turnover of the appellant firm for ticketing sales was Rs.5.69 crores and total cash deposited was Rs. 3.48 corers. The AO considered only sales during the demonetization and has even not cared to look into the subsequent sales and purchases.

5.4 The Ld.AR relied on the decision of the CIT(A) for AY 2020-21 in appellant's own case where the Ld. CIT(A) deleted the entire addition of Rs.39,50,000/- being an amount seized by the election observer during the election period, where the

employee of the appellant company was carrying firm's cash to be deposited with the partner for safe custody. The Ld. CIT(A) after considering the turnover of the firm year on year basis and also cash collections received against booking also on year-on-year basis has held that cash of Rs.39,50,000/- cannot be treated as unexplained money. The Ld.AR submitted that the said order by Ld. CIT(A) was passed even before the impugned order of the CIT(A) in this case. Thus, even the Ld. CIT(A) had already admitted and accepted the business model of the appellant much before he passed an order for the year under consideration. According to Ld.AR, the CIT(A) was persuaded only with the fact that the appellant had deposited cash during the demonetization period even without looking into the fact that even post demonetization also the business of the appellant remained the same, for which he has not made any comment or found fault with. The Ld. AR relied on the following decisions : (i) PCIT vs. Agson Global (P.) Ltd. (2022) 134 taxmann.com 256 (Del.), (ii) Mahesh Kumar Gupta vs. ACIT (2023) 151 taxmann.com 339 (Jaipur-Trib.), (iii) ACIT vs. Hirapanna Jewellers (2021) 128 taxmann.com 291 (Visakhapatnam-Trib.), (iv) Bhaumik Jewellers (P.) Ltd. vs. ITO (2026) 183 taxmann.com 107 (Ahmedabad-Trib.), (v) Shravan Singh Parmar vs. ITO (2025) 174 taxmann.com 851 (Mumbai-Trib.), (vi) Ayesha Steel (P.) Ltd. vs. ITO (2025) 175 taxmann.com 1084 (Delhi-Trib.), (vii) Dairy India (P.) Ltd. vs. ACIT (2025) 178 taxmann.com 680 (Delhi-Trib), (viii) PCIT vs. Pancham Realcon (P.) Ltd.

(2025) 177 taxmann.com 703 (Del.) and (ix) Narsimha Trading Co. vs. ITO (2025) 170 taxmann.com 10 (Guj.).

6. On the other hand, the Ld. Sr. DR of the revenue relied on the orders of lower authorities. He submitted that the assessee was unable to explain the nature and source of cash deposit during the demonetization period. Hence, the AO made the addition u/s 68 of the Act which was rightly confirmed by the CIT(A) in absence of proper explanation and evidence. He therefore, requested that the order of CIT(A) may be upheld.

7. We have heard both the parties and perused the materials on record. We have also deliberated on the decisions relied upon by the Ld. AR. There is no dispute that the appellant is engaged in the business of tours and travels and books air tickets for individuals travelling abroad. The appellant, in turn, buys such tickets from IATA agents. The appellant firm was constituted on 26.10.2016 and the PAN was obtained thereafter on 26.11.2016. The appellant has deposited cash of Rs. 51,50,650/- including Rs. 44,61,500/- in SBN during the demonetization period. The cash deposit of Rs. 44,61,500/- in high denomination notes during demonetization period was added by the AO for the reasons discussed above in the facts of the case. The said addition was confirmed by the CIT(A). The Ld.AR submitted that both the lower authorities have considered only the cash deposit during the demonetization period and ignored the fact that even during post

demonetization, the business of the appellant remained same and even in subsequent years, the appellant is engaged in similar business. We find that the appellant had made cash deposit of Rs. 3,48,32,210/- from 22.11.2016 to 31.03.2017. In December, 2016, the appellant had deposited 51,50,650/- which includes the cash deposit of Rs. 44,61,500/- in SBN. From the details on record, we find that the total ticket sale was Rs. 5,69,89,174/-, which has not been disputed by the AO. The income from the above sales by way of commission was offered by the appellant, which has been accepted. The AO has not brought any evidence on record that the impugned cash deposit of Rs. 44,61,500/- was not from the sales declared by the assessee. Once the receipt is part of the sales and income from such turnover is offered for tax, making separate addition u/s 68 would amount to double taxation, which is not permissible in law. We find that the CIT(A) himself, in appellant own case for AY 2020-21, has deleted the entire addition of Rs. 39,50,000/-, being cash seized by the election observer during the election period. The CIT(A), in the appellate order u/s 250 of the Act dated 29.11.2024 has deleted the addition by stating as under :

“6.1.2. Appellant is a partnership firm engaged in business of buying and selling air tickets. It is filing its return of income regularly and for the relevant assessment year i.e. A.Y. 2020-21, it was also subjected to tax audit. It is noted from the documents submitted before AO as well as appellant's reply before DDIT 7(2) that it was regularly selling tickets in cash. At the same time, appellant is purchasing tickets from IATA agents. Appellant has submitted monthly summary of air ticket sales and it is noted that from 01.04.2019 to 31.10.2019, it has sold tickets worth Rs. 12.59 crores and earned commission of Rs. 77.49 lakhs. It is also noted that out of total sale of Rs. 12.59 crores, cash sales was of Rs. 9.67 crores. Appellant has submitted the copy of cash book from its audited books of account

wherein sufficient cash balance was available on the day of seizure. Appellant has also submitted that these tickets are issued only against the passport and mostly from individuals travelling for jobs in gulf countries.

6.1.3. I have also noted that there is regular entry of cash in daily cash book and deposits in bank accounts. The purchase of tickets is occurring mostly through cheques. Looking to the nature of job and regular receipt of cash from customers, no adverse inference can be drawn against appellant in absence of any incriminating evidence or statement. Mere possession of cash cannot be termed as unexplained money u/s. 69A. The entire sequence of event as well as the documents presented before the DDIT and Assessing Officer clearly depict that the money was part of business receipts which are recorded in book. Such money cannot be taxed again u/s. 69A as unexplained money. The addition made on this account is deleted herewith”

7.1 It is clear from the above order that there were cash sales of Rs. 9.67 crores out of total sales of Rs. 12.59 crores in the said AY. The appellant had submitted that tickets were issued against the passport and booked by individuals travelling to gulf countries. Looking to the nature of the job and regular receipt of cash from customers, the CIT(A) deleted the addition by observing that mere possession of cash cannot be termed as unexplained money. The documents clearly depict that the money was part of business receipt which are recorded in the books of account. The facts of the subject appeal are similar to the facts of AY 2020-21. In the present year, the turnover was Rs. 5,69,89,174/- out of which cash deposit was Rs. 3,48,32,210/- including the impugned sum of Rs. 44,61,500/- in SBN during demonetization period. Therefore, we find no reasons to differ from the findings of the CIT(A) in appellants own case for AY 2020-21 referred to above. We also find that various Tribunals and Hon'ble High Court have decided similar issue in favour of assessee concerned under similar facts and circumstances, including

the cases relied upon by the Ld.AR (supra). The Mumbai Tribunal in case of Goldman Tapes Pvt. Ltd (supra) has decided the issue in favour of the assessee after following the decision in case of Tamil Nadu state Marketing Corporation Ltd. vs. ACIT in ITA No. 431/Chny/2023 dated 07.10.2024. In view of the above facts and following the decision discussed above, we allow the grounds of the appellant and direct AO to delete the addition.

8. In the result, the appeal of the assessee is allowed.

Order is pronounced on 06.03.2026.

Sd/-
(SANDEEP GOSAIN)
JUDICIAL MEMBER

Sd/-
(BIJYANANDA PRUSETH)
ACCOUNTANT MEMBER

Poonam Mirashi
Stenographer
MUMBAI

Date: 06.03.2026

Copy of the Order forwarded to:

1. The Assessee
2. The Respondent
3. The CIT(A)
4. CIT
5. DR/AR, ITAT, MUMBAI
6. Guard File

By Order

Assistant Registrar
ITAT, MUMBAI