

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "B", DELHI
BEFORE SH. S. RIFAUR RAHMAN, ACCOUNTANT MEMBER

AND

SH. SUDHIR KUMAR, JUDICIAL MEMBER

ITA No. 3251/DEL/2025 (AY 2014-15)

AND

ITA No. 4516/DEL/2025 (AY 2014-15)

INCOME TAX OFFICER, ROOM NO. 324, 2 ND FLOOR, CGO COMPLEX-I, HAPUR CHUNGI, GHAZIABAD-201301	Vs.	DEEPAK MATTA, PLOT NO. 5, GOLDEN RESIDENCY, AHINSA KHAND-II, INDIRAPURAM, GHAZIABAD-201014 9PAN: AEZPM7789R)
(APPELLANT)		(RESPONDENT)

Assessee by	None
Department by	Ms. Pooja Swaroop, CIT(DR)

Date of hearing:	26.02.2026
Date of Pronouncement:	27.03.2026

ORDER

PER SUDHIR KUMAR, JUDICIAL MEMBER :

These appeals relating to quantum and penalty u/s. 271(1)© of the Act filed by the Revenue are directed against the separate orders of the NFAC, Delhi pertaining to A.YR. 2014-15.

2. The ground raised by the Revenue in quantum appeal is that Ld. CIT(A) has partly allowed the appeal of the assessee and deleted the amount of Rs. 65,66,00,955/-.

3. The brief facts of the case are that the assessee is proprietor of M/s ILA International. The AO received information that during AY 2014-15, UCO Bank account no. 02400210001387 maintained by the assessee was credited with Rs. 65,66,00,955. Notice u/s. 148 of the Act was issued on 6.4.2021. The assessee filed return of income on 26.11.2022 showing total income of Rs. 764/-. On the basis of the findings recorded in the assessment order, the AO treated the entire amount of Rs. 65,66,00,955/- as unexplained money u/s. 69A and arrived at a total assessed income of Rs. 65,66,01,715/- for the AY 2014-15. Aggrieved, the assessee preferred the appeal before the Ld. CIT(A)/NFAC, who vide its order dated 7.3.2025 has partly allowed the appeal of the assessee by sustaining the addition of Rs. 9,60,000/-. Against the above, Revenue is in appeal before us.

4. Ld. DR relied upon the order of the AO.

5. None appeared on behalf of the assessee.

6. We have heard the Ld. DR and perused the records. We find that Ld. CIT(A)/NFAC has partly allowed the appeal by sustaining the addition of Rs. 9,60,000/- by holding as under:-

“5. During A.Y 2014-15, UCO Bank account no. 02400210001387 maintained by the assessee was credited with the Rs. 65.66.00,955/- and Rs. 65,84,77,497/- was debited as RTGS. The assessee also made withdrawal of Rs.9,60,000/- in cash. The assessee officer stated that there were huge credits in bank account through RTGS which were then immediately transferred to other accounts. From the pattern of the transactions, it appeared that the account was used for the purpose of providing accommodation entries and for routing the money of beneficiaries. The assessee categorically explained that he is engaged in the business of trading of fabrics and enclosed balance sheet and profit and loss account, ITR, confirmation letters, ledger accounts of parties. All and bank statement to substantiate all business transactions. All and payments for purchases and sales were routed through bank accounts The assessing officer stated that in the absence of direct evidences like delivery challans, Gate pass, Transport/lorry Receipt, Purchase invoice

Sales invoices, Stock register, Payment details, Sales Receipt, Excise Register etc., the entire purchases are required to be treated as bogus. Some sample invoice copies were attached by the appellant along with submissions. From books of accounts, it is seen that the appellant purchased fabric or cloth from KDS Greenland Builders & Promoters Private Limited and Pandit Realtor Private Limited, whereas the same was sold to Sri Banke Behari Builders & Developers and Apex Trading Co. Prima facie, it is suspicious that the appellant is trading in fabric mostly with real estate companies. Hence, the assessing officer rightly presumed that the account was used for the purpose of providing accommodation entries and for routing the money of beneficiaries.

5.1 However, mere presumptions and suspicions cannot lead to addition under section 69A, which reads as follows; Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year." Section 69A stipulates that the taxpayer must be found in possession or ownership of certain assets, including cash or other valuables and such assets should not be recorded in the books of accounts maintained by the assessee. In this case the entire credits and debits from bank account is shown as sales and purchases by the appellant in its audited P&L account. Section 69A aims to tax unexplained assets or money where ownership is undisputed but the source remains unaccounted for in the books of accounts. In this case the assessing officer has stated that whatever money credited to the bank account was transferred out to beneficiaries. So there is nothing on record to show that the appellant was the owner of the sums so credited. Moreover, entire credits in the bank account were recorded and reconciled with the appellant's books of accounts, submitted during the assessment proceedings. In the case of Aurobindo Sanitary Stores v. CTC (2005) Reported in 276 ITR 549 Orissa High Court held that for applying Section 69, the Assessing Officer must first come to a finding that the assessee made investments which are not recorded in the books of account and thereafter call for an explanation from the assessee about the nature and source of the investments and if he finds that no such explanation was furnished by the assessee firm or the explanation offered by the assessee was not satisfactory, he could treat the value of the

investments to be the income of the assessee-firm of the financial year in which it has made the investments. So, sales which were shown as turnover and duly entered in the regular books of accounts cannot be taxed again under section 69A. So the addition under section 69A made by the assessee officer cannot be sustained in spite of suspicions.

5.2 Deeming provisions, such as Section 69A, must be construed strictly especially when all disputed transactions are through bank transfers. Additions can be made only when the assessee fails to prove identity, creditworthiness, and genuineness of the transactions. In this case the appellant has duly discharged the onus of proof by submitting confirmation letters, accounts of all parties. Even in the case of cash credits, the jurisdictional Delhi High Court held in the case of Agson global [2022] 134 taxmann.com 256 (Delhi) that since assessee placed material on record that cash deposits made with banks more or less corresponded with cash sales, it could only be concluded that there was growth in assessee's business and impugned addition was to be deleted. In this case also, purchases and sales are matching with debits and credits in bank account. Since the books of accounts were not rejected by the AO, the amount shown as sales should have a corresponding purchase. In the instant case there is no involvement of any cash deposit. There is no Deeming provisions, such as Section 69A, must be construed ledgers, bank statements, ITRS and Audited information or inquiry or any material that the assessee's company availed any accommodation entry through any entry operator or anyone whereby it has been found that assessee have routed their own unaccounted/undisclosed fund in their books of account.

5.3 Even if the account was used to route accommodation entries, the Bombay High Court has held in the case of Alag Securities Pvt. Ltd (INCOME TAX APPEAL NO.1512 OF 2017) that in these type of activities, brokers are only concerned with their commission on the value of transactions. The high court observed that the action of the Assessing Officer in treating the entire deposits as unexplained cash credits could not be accepted in the light of the fact that the assessee was only Concerned with the commission earned on providing accommodation entries. In the instant case the assessing officer has found that even though the entire bank credits were transferred to beneficiaries, the appellant also made withdrawals of Rs.9,60,000/- in cash. Apparently, this was the commission amount that actually accrued to the assessee. Hence, the cash withdrawn by the assessee shall be considered as income from other sources. As a result, addition of Rs.9,60,000 is sustained and the appeal is partly allowed.”

6.1 Upon careful consideration of the aforesaid findings, we observed that assessee has received inter account credit entries in his bank account where Directors/ partners/ proprietors were common in number of companies /firms/ proprietorship concerns identified as beneficiaries. It is also noted that the pattern of the transactions in the bank account of the assessee indicates that the account has been used for routing the money of beneficiaries and for the purpose of providing accommodation entries. The assessee has also purchased fabrics from real estate companies which is unlikely and creating suspicion, thus making the credit entries in the bank account of the assessee unexplained. Mere submissions of books of accounts without providing details of goods dispatched (like delivery challan or dispatch registers) is insufficient to prove the actual delivery of goods. In view of above, it is established that Ld. CIT(A) has wrongly sustained the addition of Rs. 9,60,000/- as commission income which validates that the assessee's account was used for providing accommodation entries and the credit entries in the assessee's bank account remained unexplained. Accordingly, we upheld the addition made by the AO and set aside the order of the Ld. CIT(A) on the issue in dispute and accordingly, the ground raised by the Revenue stand allowed. Consequently, appeal filed by the Revenue stands allowed.

7. As regards penalty Appeal No. 4516/Del/2025 (AY 2014-15) is concerned, since we have already upheld the action of the Assessing Officer in making the addition and set aside the order of the Ld. CIT(A) on the issue in dispute, as aforesaid, hence, we deem it fit and proper to also set aside the action of the Ld. CIT(A) in levying @100% penalty on the tax payable on Rs. 9,60,000/- and accordingly, the ground raised by the revenue is allowed. Consequently, the penalty appeal No. 4516/Del/2025 also stand allowed.

8. In the result, both the Revenue appeals stand allowed in very above terms.

Order pronounced in the open court on 27.03.2026.

Sd/-

Sd/-

(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

(SUDHIR KUMAR)
(JUDICIAL MEMBER)

Date: 27.03.2026

SR BHATNAGGAR

Copy forwarded to:

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

ASSISTANT REGISTRAR, ITAT DELHI