

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“G” BENCH, DELHI**

**BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER &  
SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER**

**ITA No.6062/Del/2025  
(Assessment Year: 2017-18)**

Vishnu Soni City Hall Marking Centre, 20/2780, First Floor, Beadonpura, Karol Bagh, Delhi – 110005	Vs.	ITO, Ward 51(1) Civic Centre Minto Road, New Delhi – 110002
स्थायीलेखासं./जीआइआरसं./PAN/GIR No: APSPS6721B		
Appellant	..	Respondent

Appellant by :	Sh. RaghavSharma,CA Ms. Agni Choudhary, Adv.
Respondent by :	Sh. Manish Gupta, Sr. DR

Date of Hearing	30.03.2026
Date of Pronouncement	08.04.2026

**ORDER**

**PER ANUBHAV SHARMA, JM:**

This appeal is preferred by the assessee against the order dated 29.07.2025 of the Ld. National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred as Ld. First Appellate Authority or in short Ld. ‘FAA’)

in DIN & Order No.: ITBA/NFAC/S/250/2025-26/1079034182(1) arising out of the order dated 27.12.2019 u/s 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') passed by the ITO, Ward 51(1) for AY: 2017-18.

2. Heard and perused the records. The Assessee is an individual and during the year engaged in the business of Sale purchase of Gold Jewellery, bullion, gold bar and job work of gold jewellery through its proprietor firm M/s V.M Jewellers. The assessee filed return of income of Rs.5,07,840/- for A.Y. 2017-18 on 28.10.2017 and case of the assessee was selected for scrutiny assessment through CASS to examine the cash deposit in demonitisation period. The case of assessee is that due to nature of its business and paying preference of the customers, Assessee usually sells its product in Cash.

3. The learned assessing officer had examined sales, DVAT returns, cash book, stock register and other relevant information and concluded that purchase and sales could not be verified. Assessee claims that this observation is also not correct as complete VAT returns and detail of the parties to whom sales and cash sales were made or from whom purchases were made had been

submitted to the assessing officer. The Ld. AO completed the assessment under section 143(3) making the addition of Rs.48,29,965/- out of total cash deposited during demonetization period of Rs.63,50,000/-.

4. However, on appeal, the Learned Commissioner of Income-tax (Appeals) has directed to the AO to disallow 15% of the total purchases amount as an estimate for possible inflation or unverifiable element.

5. Giving thoughtful consideration to the rival cases we find that the Appellant is engaged in the business of jewellery and duly maintaining regular books of account, which were subjected to tax audit under section 44AB of the Act. During the demonetisation period (08.11.2016 to 30.12.2016), the Appellant deposited cash into its bank account, representing sales made to customers against proper invoices, duly recorded in the books. The Learned Assessing Officer, without rejecting the books of account under section 145(3), treated the cash deposits during demonetisation as unexplained and made additions under section 68/69A of the Act. The addition has been made alleging that the appellant had inflated the sales to cover unaccounted money and assessed the total income at Rs.53,37,810/-. The Id. CIT(A) has neither upheld or confirmed nor deleted or opposed the

said addition of the cash deposited and made out a new case of doubting the purchases itself. We are of considered view that as the books of accounts were not rejected and stock register was not found to be tainted and there was no defect found in quantitative details then any addition by any of the two tax authorities was not justified. Rather the findings of ld. CIT(A), to a larger extent only accepted the case of assessee about the books of account justifying the cash sales. Thus ad hoc, disallowance made by ld. CTI(A) was contrary to its own conclusion of the case set up by the ld. AO.

6. We thus sustain the grounds and allow the appeal. The impugned additions stand deleted.

Order pronounced in the open court on 08.04.2026

Sd/-  
(Amitabh Shukla)  
ACCOUNTANT MEMBER

Sd/-  
(Anubhav Sharma)  
JUDICIAL MEMBER

Dated 08.04.2026  
Rohit, Sr. PS

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT NEW DELHI