

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'B', NEW DELHI**

**BEFORE SH. S. RIFAUR RAHMAN, ACCOUNTANT MEMBER  
AND  
SH. SUDHIR KUMAR, JUDICIAL MEMBER**

ITA No. 2788/DEL/2025  
Assessment Year: 2018-19

YOGESHWAR SHARMA, RZ-65, B-BLOCK, SURAKHPUR ROAD, GOPAL NAGAR-II, NAJAFGARH, NEW DELHI – 43 (PAN: BCJPS2738F)	Vs	ITO Ward 43(1) CIVIC CENTRE, NEW DELHI
(APPELLANT)		(RESPONDENT)

Appellant by	Sh. Yogeshwar Agarwal, CA & Sh. Sriram Atal, CA
Respondent by	Ms. Pooja Swaroop, CIT(DR)

Date of hearing:	26/02/2026
Date of Pronouncement:	08/04/2026

**ORDER**

**PER SUDHIR KUMAR, JM:**

This appeal by the assessee is directed against the order of National Faceless Appeal Centre (In short "NFAC") Delhi vide order dated 28-02-2025 pertaining to A.Y. 2018-19 and arises out of the assessment order dated 25-3-2021 u/s 143(3) of the Income Tax Act 1961 (in short "the Act").

2. The assessee has raised the following grounds in appeal:

1. *That the CIT(A) and AO erred in law and in facts by making an addition of Rs. 22,13,60,055/- under section*

*69A without appreciating the fact that such money was collected by assessee on behalf of another companies from their customers as collection agent in lieu of commission.*

*2. That the Ld. CIT(A) and AO erred in law by sustaining the very invocation of section 69A without satisfying the very conditions mentioned therein.*

3. The brief facts of the case are that the assessee filed his return of income at Rs. 5,50,560/- and his case was selected for limited scrutiny under CASS on the issue of cash deposits. AO noted that assessee had deposited sum of Rs. 22,13,60,055/- in cash in his Andhra Bank account no. 226811100000414 during the concerned financial year. The assessee replied that the cash deposited by him during the concerned financial year was Rs. 21,15,54,655/- and the same was received by him from customers in his capacity as collection agent of various companies. After considering the replies furnished by the assessee during the course of assessment proceedings, the AO completed the proceedings by passing an order u/s. 143(3) of the Act dated 25.3.2021 after making an addition of Rs. 22,13,60,055/- to the total income of the assessee u/s. 69A of the Act being unexplained money in the form of unexplained cash deposit in the bank account.

4. Aggrieved the order of the AO, assessee filed the appeal before the Ld. NFAC who vide his order dated 28-02-2025 dismissed the appeal of the assessee.

4. Being aggrieved the order of the Ld. NFAC the assessee is in appeal before the Tribunal.

5. The ld. AR of the assessee has submitted that lower authorities erred in making addition of Rs. 22,13,60,055/- under section 69A without appreciating the fact that such money was collected by assessee on behalf of another companies from their customers as collection agent in lieu of commission. He submitted that the sole basis of the addition is that cash deposits were not explained to the satisfaction of the AO and there is no finding either by the AO or by the CIT(A) that the cash belonged to the assessee. It was further submitted that mere deposit of cash in a bank account cannot lead to an inference of unexplained income. The bank statement itself demonstrates a complete pass through of funds, with no accumulation or personal use. Gross collections handed in an agency capacity cannot be taxed as income. It was further submitted that it is a settled law that only profit embedded should be taxed instead of gross cash deposit/credits and in a recent decision of the Hon'ble Jurisdictional Bench in the case of DCIT vs. MKF Logistics (P) Ltd. (2025) 181 taxmann.com 740, has taken a similar view. It was further submitted that assessee is duly assessed in immediately preceding previous year (AY 2017-18) for the same reason that is "large cash deposit". This assessment was completed by accepting returned income only after detailed enquiry which is evident from the notices issued u/s. 142(1) from time to time. There is no change in nature of business and modus operandi as well during the year under

consideration. In view of above, it is submitted that the addition in dispute may be deleted by allowing the appeal of the assessee.

6. Ld. DR relied upon the orders of the authorities below.

7. We have heard the rival contentions and perused the material available on records. It is an admitted fact that cash in question was collected from retailers / customers of the principal companies in the ordinary course of agency business and was deposited into the appellant's bank account only as a matter of operational convenience, followed by immediate transfer to the respective principal companies. The assessee retained only a nominal commission of about 0.20% which was duly offered to tax. It is noted that both the lower authorities have not disputed the existence, identity, or genuineness of the principal companies, nor has it been alleged that the assessee carried on any independent business generating such cash. In absence of any such adverse finding, the entire cash collection cannot be treated as unexplained money in the hands of the assessee. It is settled law that where an assessee acts as an agent, the gross receipts collected on behalf of the principals do not constitute income of the assessee, and only the commission earned can be brought and as a result, the addition in dispute which represent gross collections and do not real income, is therefore, unsustainable. It is noted that assessee receives the charges/ commission against the service rendered as well as the cash on behalf of its principal and the cash so received is deposited into the assessee account and they pay it back to the respective companies through banking channels amount of service. The

addition represents gross receipts and not real income of the assessee and taxing the entire cash deposit is against the settled principle. The assessee's real income is only the commission earned, which has already been offered to tax and accepted in earlier and subsequent years. It is settled law that where an assessee acts as an agent, only commission income is taxable and not the entire turnover passing through his bank account. It is noted that during the hearing the Ld. DR argued and alleged that the assessee had not furnished any details during the course of the assessment proceedings among others and the said submission of the Ld. DR is not factually correct, however, the assessee during the course of assessment proceedings, duly furnished complete details including details of the principals for whom the assessee has worked, and details of the retailers from whom cash collections were made. Ld. AR drew our attention towards copy of bank statement at page no. 61 to 198 of the Paper Book and after carefully perusing the same, we note that the bank trails clearly establishes pass - through nature of funds. The bank statement clearly demonstrates that cash is deposited and transferred to principal companies without any abnormal time gap and also there is no accumulation of cash balance, there is no evidence of personal use of funds by the assessee. The lower authorities have ignored the principle of consistency of earlier assessment year, including the scrutiny assessment, the same business model was accepted and only commission income was taxed. In the assessment year 2017-18 the detailed inquiry was carried out by the AO based on the

detailed enquiry the assessment order was passed by accepting the returned income.

8. We find that the Coordinate Bench of the Delhi Tribunal in the case of DCIT vs MKF Logistics (P) Ltd. (2025) 181 Taxmann.com 740, on identical issue, has observed as under:-

*“After considering the detailed submissions made, it is observed that the assessee is in the business of freight forwarding and handling. It is a peculiar nature of the business in which assessee raises the bill for the services tendered by it to its customers including the freight charges and it collects the freight charges plus for the fees towards services rendered by it. The freight charges have to be paid to the respective airlines or shipping company. The net service charges are the real income of the assessee. This being the peculiar nature of the assessee, assessee will collect gross amount from the customers, retains the service charges rendered by it and balance has to be remitted to the airlines or shipping company. The assessee also maintained separate freight charges payable account. After considering the reconciliation submitted by the assessee and also considering the peculiar nature of the business, the assessee can only disclosed its real income and not the gross income which is not pertained to the assessee. [Para 8]”*

9. In the background of the aforesaid discussions and respectfully following the binding precedent, as aforesaid, in our considered view the addition in dispute deserve to be deleted. We hold and direct accordingly. Resultantly, the ground raised by the assessee on the merit of the case is allowed.

10. In the result, appeal of the assessee is allowed in the aforesaid manner.

Order pronounced in the open court on 08.04.2026.

**Sd/-**

**(S. RIFAUH RAHMAN)  
ACCOUNTANT MEMBER**

**Sd/-**

**(SUDHIR KUMAR)  
JUDICIAL MEMBER**

\*SR BHATNAGGR\*

Date:- 08.04.2026

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT NEW DELHI