

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'E' NEW DELHI**

**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT  
AND  
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**ITA No. 313/DEL/2018 (AY 2008-09)  
ITA No. 314/DEL/2018 (AY 2010-11)  
ITA No. 315/DEL/2018 (AY 2011-12)  
ITA No. 316/DEL/2018 (AY 2012-13)**

**MANGAL SINGH KHATANA  
C/O SAUBHAGYA AGGARWAL,  
K-185/14, SURYA PLAZA,  
1<sup>ST</sup> FLOOR, NEW FRIENDS COLONY,  
NEW DELHI – 110 0025  
(PAN: ALXPK6596P)**

**vs. INCOME TAX OFFICER,  
WARD 1(4)  
GHAZIABAD**

**(APPELLANT)**

**(RESPONDENT)**

**Appellant by:** Sh. Vaibhav Srivastava, Adv. & Sh. Saubhagya Agarwal,  
Adv.

**Respondent by:** Ms. Ankush Kalra, Sr. DR.

**Date of hearing: 02.04.2026**

**Date of pronouncement: 08.04.2026**

**ORDER**

**PER MAHAVIR SINGH, VP :**

These appeals by the Assessee are directed against the separate orders of the Ld. CIT(A), Ghaziabad relating to assessment years 2008-09, 2010-11, 2011-12 & 2012-13 respectively. Since the issues involved in these appeals are common, hence, these appeals were heard together and disposed of by this

common order by dealing with the facts of ITA NO. 316/Del/2025 (AY 2012-13) being the lead case.

2. At the time of hearing, Ld. AR for the assessee has drew our attention towards an application for condonation of delay of 100 days, which has been placed on record and stated that the delay in filing the appeals was occurred due to specific circumstances which were beyond the control of the assessee viz. the assessee lacks knowledge of tax laws, procedures and computer operations and has always relied on professional assistance for compliance with tax matters. The assessee was suffering from a heart condition and was advised to complete bed rest during the relevant period and due to ill health he was unable to consult the advocate for taking necessary steps in filing the appeals. A copy of medical certificate in this regard has been placed on record. After a gradual recovery, the assessee was able to consult his Advocate and after receiving appropriate advice, the assessee promptly initiated the process of filing the appeals, including payment of appeals fee and compilation of the requisite documents. After hearing both the sides, we note that reasonable cause has been attributed to the assessee in filing the belated appeals, hence, the delay in dispute in all the appeals, are condoned and the appeals are admitted.

3. Further, Ld. AR has drew our attention towards an application dated 2.4.2026 of the assessee for admission of following additional grounds wherein, it was stated that the said grounds are purely legal, does not require fresh facts to be investigated and goes to the root of the matter, hence, in view of the decision of the Hon'ble Supreme Court in the case of NTPC Limited 229 ITR 383, these additional grounds may kindly be admitted.

1. That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in not quashing the impugned re-assessment order passed by AO u/s 143(3)/147 and that too without assuming jurisdiction as

per laws and without complying with mandatory conditions as envisaged u/s. 147 to 151 of the Income Tax Act, 1961.

2. That in any case and in view of the matter, action of the CIT(A) in not quashing the impugned reassessment order passed by the AO u/s. 143(3)/147, is bad in law and against the facts and circumstances of the case.

4. On the admission of aforesaid additional grounds, the Bench has made a query with the Ld. AR for the assessee that under which facts and circumstances, Ld. CIT(A) has erred in not quashing the impugned reassessment order passed by AO u/s 143(3)/14 and how the AO's order is passed without complying with mandatory conditions as envisaged u/s. 147 to 151 of the Income Tax Act, 1961 and bad in law. On the aforesaid query, the Ld. AR for the assessee was unable to convince the Bench that under which facts and circumstances, the mandatory condition has not been complied with as envisaged u/s. 147 to 151 of the Act by the AO, and hence, the Ld. AR was not justified in his plea for admission of aforesaid additional grounds. In view of above, the aforesaid additional grounds are not admitted and dismissed as such.

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

1. That having regard to the facts and circumstances of the case, the Ld. CIT(A) has erred in law and on facts in not quashing the impugned reassessment order passed by the AO u/s. 143(3)/147 and that too without assuming jurisdiction as per law and without complying the mandatory conditions of section 147 to 151 of the Act.
2. That in any case and in view of the matter, action of the CIT(A) in not quashing the impugned reassessment order passed by the AO u/s. 143(3)/147 is bad in law and against the facts and circumstances of the case.

3. That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in not quashing the impugned reassessment order passed by the AO u/s. 143(3)/147 and that too without issuing / serving the mandatory notice u/s. 143(2) as per law.
4. That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts and in confirming the action of the AO in making the disallowance of Rs. 22,45,957/- on account of cash purchases from M/s Uflex Ltd. u/s. 40A(3) and that too by recording incorrect facts and findings and without observing the principles of natural justice.
5. That in any case and in view of the matter, action of CIT(A) in confirming the action of the AO in making disallowance of Rs. 22,45,957/- on account of cash purchases from M/s Uflex Ltd. u/s. 40A(3) is bad in law and against the facts and circumstances of the case.
6. It is noted that ground no. 1 and 2 are identical and more or less same as raised by the assessee in the form of additional grounds, as aforesaid, which have already been dismissed vide para 4 of this order, as aforesaid, hence, the ground no. 1 and 2 are dismissed in the same manner. As regards ground no. 3 is concerned, the same was not argued by the Ld. AR, hence, the same is also dismissed.
7. The ground no. 4 and 5 are relating to the merits of the case wherein, the brief of the case are that the assessee filed his return of income showing income of Rs. 4,13,172/- on 29.9.2012 and the same was processed u/s. 143(1) of the Act. The case was subsequently reopened u/s. 147 of the Act after recording of reasons placed on record and notice u/s. 148 of the Act was issued on 29.3.2015 and served on assessee. Further, notice u/s. 142(1) of the Act was issued. The assessee replied in compliance of the notice u/s. 148 that the return

filed on 29.9.2022 may be treated as return filed in response to notice u/s. 148 of the Act. Thereafter, notice u/s. 143(2) of the Act was issued on 19.11.2015 and detailed questionnaire with notice u/s. 142(1) were served and complied with. AO noted that the assessee is an individual, enjoying income from his proprietorship firm M/s Kalpana Trading Company which deals in trading of waste plastic scrap. The proprietorship firm maintains books of accounts in respect of its transactions. The copy of Audit Report in prescribed form has been filed during the course of assessment. The balance sheet for the year ending on 31.3.2012 tallies at Rs. 1,73,92,726 and the entries appearing in balance sheet have been examined. In this case, information was received from Investigation wing that the assessee had made cash purchases from M/s Uflex Ltd. and M/s Montage Enterprises and on perusal of the case record of the assessee, the AO observed that the assessee had made cash purchase from the above amounting to Rs. 22,45,957/- and further the payment has been made in excess of Rs. 20,000/- in cash in a day, which is a violation of the provisions of section 40A(3) of the Act, the details of the same payment has already been mentioned at page no. 2 of the assessment order. AO noted that assessee could not furnish any document or bring into the notice any fact, which could give him the benefit of exemption under any of the clauses mentioned in Rule 6/DD of the IT Rules, 1962. Since the assessee did not produce the entire purchase bills or copy of the purchase ledger, the amount of purchases shown from M/s Uflex Ltd. has no evidentiary value and on the contrary, during the search operations in the case of M/s Uflex Ltd., sales of Rs. 22,45,957/- had been found in the recorded books of accounts in the name of the assessee. AO provide various opportunities to the assessee through which he was required to show cause as to why the cash sales shown by M/s Uflex Ltd. to the assessee may not be treated as cash purchases in the hands of the assessee. In spite of various opportunities, no explanation has been filed by the assessee, hence, the figure of sales appearing in the books of accounts of Uflex Ltd. in the name of

the assessee was treated in the hands of the assessee as cash purchases. AO further noted that assessee is not covered under the provisions of Rule 6DD of the IT Rules, 1962 and hence, the expenses incurred in cash by the assessee were held to be in violation of the provisions of section 40A(3) of the Act and added in the hands of the assessee amounting to Rs. 22,45,957/- by assessing the total income at Rs. 26,59,130/-. Against the AO's action, the assessee preferred appeal before the Ld. CIT(A), who dismissed the appeal of the assessee by upholding the action of the AO.

8. Ld. AR for the assessee submitted that the assessee is carrying on the business of sale and purchase of plastic scrap. The search and seizure operation u/s. 132 of the Act was carried out in the case of M/s Uflex Group of Companies, Noida wherein, substantial cash was found to be deposited in the bank account of M/s Uflex Ltd., which was explained as cash sales received by the above company from the assessee and claimed that the assessee had made cash purchases. It was stated that assessee had submitted an affidavit and contended that there is an oral agreement with M/s Uflex Ltd., regarding cash payment of material purchased against dishonor of cheques only. The assessee has produced the books of accounts alongwith GP and NP chart of various years, which have been accepted. It is further submitted that when the assessee's books of accounts and trading results, including sales expenses, have been accepted, then there is no question of making any disallowance of purchase. It was further submitted that assessee has made cash purchases in unavoidable circumstances that were beyond his control and all the purchases have not been made in cash. Most of the purchases have been made through account payee cheque, which has not been considered by the lower authorities, and that is why assessee is covered under the explanation given in Rule 6DD. It was further submitted that all the sales and purchases have been accepted by the VAT department. He further submitted that since the genuineness of the transaction is not in question, identity of the suppliers is not in dispute, and

purchases have been accepted by the AO and therefore, the disallowance made by the AO is without any basis, material and evidence and deserve to be deleted.

9. Per contra, Ld. DR relied upon the orders of the authorities below.

10. We have heard the rival contentions and perused the records. It is noted that Assessee did not produce copies of ledger accounts of assessee in the books of other parties to whom cash payments have been made. It is further noted that assessee failed to substantiate its claim under Rule 6DD and also no confirmation from M/s Uflex Ltd has been given by the assessee and during search operation M/s Uflex Ltd has shown sales of Rs. 22,45,557/- to the assessee. It is an undisputed fact that assessee has been dealing with M/s Uflex Ltd. and majority of payments have been made in cash, which is violation of provisions of section 40A(3), hence, the lower authorities below rightly held that assessee's case is not covered under the provisions of Rule 6DD of the I.T. Rules, 1962 and thus, the expenses incurred in cash by the assessee were held in violation of the provisions of section 40A(3) of the Act. Accordingly, we do not find any infirmity in the order of the Ld. CIT(A), hence, we uphold the same and reject the ground no. 4 and 5 raised by the assessee on the merits of the case.

11. Resultantly, the appeal for assessment year 2012-13 is dismissed in the aforesaid manner.

**ITA NOS. 313, 314, 315//DEL/2025 (AYRS. 2008-09, 2010-11 & 2011-12)**

12. As regards appeals relating to assessment years 2008-09, 2010-11 & 2011-12 are concerned, our aforesaid decision taken in assessment year 2012-13, will apply *mutatis mutandis* to assessment years 2008-09, 2010-11 & 2011-12, as a result thereof, the remaining 03 appeals of the assessee also stand dismissed.

13. In the result, all the 04 appeals of the assessee are dismissed in the aforesaid manner.

Order pronounced in the Open Court on 08/04/2026.

Sd/-

**(MANISH AGARWAL)**  
**ACCOUNTANT MEMBER**

Sd/-

**(MAHAVIR SINGH)**  
**VICE PRESIDENT**

08.04.2026

*'SRBHATNAGAR'*

Copy forwarded to: -

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR, ITAT

By Order

ASSTT. REGISTRAR