

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER**

**ITA No. 6002/Del/2024  
Assessment Year: 2017-18**

<b>Arun Pruthi, J-11/3, Rajouri Garden, New Delhi-110027. PAN: AESPP1499 J</b>	<b><u>Vs</u></b>	<b>Income Tax Officer, Ward-45(2), Delhi.</b>
<b>APPELLANT</b>		<b>RESPONDENT</b>
<b>Assessee represented by</b>	<b>None</b>	
<b>Department represented by</b>	<b>Ms. Ambika Agarwal, Sr. DR</b>	
<b>Date of hearing</b>	<b>06.10.2025</b>	
<b>Date of pronouncement</b>	<b>06.10.2025</b>	

**ORDER**

**PER SATBEER SINGH GODARA, JM:**

This assessee's appeal ITA no. 6002/Del/2024 for assessment year 2017-18 arises against CIT(A)/ NFAC, Delhi's order dated 22.10.2024 (DIN & Order No. ITBA/NFAC/S/250/2024-25/1069855380(1), in proceedings u/s 143(3) of the Income-tax Act, 1961, hereinafter referred to as the 'Act'.

None appears at the assessee's behest. He is accordingly proceeded ex parte since having not appeared on all earlier occasions as well.

2. It is next noticed with the able assistance from the Revenue side that the assessee's first and foremost substantive ground raised herein seeks to reverse both

the learned lower authorities' action assessing his annual letting value 'ALV' of the house property(ies) in question, as upheld in the lower appellate proceedings as under:

*"5.5 In respect of the addition made towards the rental income of the various properties held during the year under consideration the appellant has filed written submission and for the sake of convenience the same is reproduced as under:*

*1. Addition on account of Deemed Income as Annual Lettable value of Property Shop No.65. Vardhman Fortune Mall. G T Karnal Road. New Delhi. (Rs.1,80,000@15000 p.m.)*

*The property had been lying vacant during year due to non-finding of the tenant. Hence there had not been any income from the property in the shape of rent.*

*2. Addition on account of Deemed Income as Annual Lettable value of Property RZD 15/A, Sagarpura, New Delhi. (Rs.5,88,000@49000p.m)*

*The property was being used for fabrication of clothes, the income from which had already been shown by assessee in his ITR for Rs.7,10,850. Hence it is unfair to make an addition again in the assessee's income for the same year.*

*3. Addition on account of Deemed Income as Annual Lettable value of Property RZD 16/A Sagarpura, New Delhi. (Rs.4,32,000 36000p.m)*

*The property was in dilapidated condition and was under repair and renovation during the year.*

*5.6 Now in order to adjudicate the matter the facts of the case, the findings of the AO during the assessment proceedings, evidences as well as the submission made by the appellant has been taken due cognizance off. After careful consideration of the facts and evidence presented in this case, it is pertinent to mention here that the appellant owns 5 properties, out of which rental income has been correctly disclosed for one property in the return of income. The second property is self-occupied by the appellant, and as per Section 23(2) of the Act, no notional rent can be charged on a self-occupied property. The third property is used for business purposes, and the income*

*from such business has been shown by the appellant in his return of income for the year under consideration. Therefore, no deemed rent provisions apply to this property, as supported by the legal principle that properties used for business or profession are not subject to notional rent under Section 23(1)(a) of the Act. However, with respect to the remaining two properties, i.e. property at Shop No 65, Vardhaman Fortune Mall( Having Notional/deemed Rent of 15,000/- per month) and property at RZD 16/A, Singapura New Delhi( Having notional rent/Deemed rent of Rs 36,000/- per month) one of which is occupied by the appellant's son and the other was vacant/under repair, the deemed rent provisions under Section 23(1)(a) come into effect. The appellant contends that no rental income can be deemed from these properties, but it is settled law, as reiterated by the Calcutta High Court in CIT vs. Ganga Ram [2014] 364 ITR 475 (Cal), that even if a property is vacant or under repair, where the taxpayer owns more than one property, notional rent will be charged on such properties, irrespective of their actual usage, unless specifically exempted under the Act. In the present case, since the appellant owns more than one property, the provisions regarding deemed rent will apply to these two properties. Furthermore, regarding the appellant's plea that the deemed rent determined by the AO is excessive, it is noted that the officer did not arbitrarily decide the rental value but relied on the valuation carried out by an inspector, who was tasked with determining the rental value of the properties in question. Therefore, the determination of deemed rent by the Assessing Officer is based on reasonable estimation and cannot be considered excessive or without basis. Accordingly, the addition made by the AO of Rs 8,40,000/- is restricted to Rs 6,12,000/- and the grounds raised in this respect stands partly allowed.*

3. Suffice to say, it has already come on record that the learned lower appellate authority has granted sufficient benefit of the impugned ALV computation to the assessee, thereby reducing the addition in question from Rs. 8.40 lakhs to Rs. 6.12 lakhs. There is no other logical evidence supporting the assessee's pleadings so as to warrant any interference herein in the second appellate proceedings before the

tribunal. I thus see no merit in the assessee's instant foremost substantive ground raising the issue of ALV computation which stands rejected in very terms therefore. Ordered accordingly.

4. Next comes the latter issue between the parties wherein the learned CIT(A)/NFAC has confirmed the unexplained cash credits addition of unexplained cash deposits of Rs. 11.75 lakhs during demonetization to the extent of 50% in the lower appellate discussion. Learned DR could hardly dispute that all what the CIT(A)/NFAC has done is to simply estimate the genuineness in the assessee's cash deposits at a lump sum rate of 50% which is not sustainable in law. The impugned addition of Rs. 5,87,500/- is deleted for this very reason therefore.

5. This assessee's appeal ITA 6002/Del/2024 is partly allowed in very terms.  
Order pronounced in open court on 06.10.2025.

**Sd/-**  
**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

**Dated: 13.10.2025.**

**\*MP\***

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT, NEW DELHI