

**आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ “एकल” चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH
BENCH “SMC” CHANDIGARH**

**श्री संजय गर्ग, न्यायिक सदस्य
BEFORE: SH. SANJAY GARG, JUDICIAL MEMBER**

आयकर अपील सं./ ITA No.869/CHD/2025
निर्धारण वर्ष / Assessment Year : 2017-18

Raideep Bhalla & Sons, 51-A, Kitchlu Nagar, Ludhiana.	बनाम	The ITO, Ward – VII (2), Ludhiana.
स्थायी लेखा सं./PAN NO: AARHR9229R		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारिती की ओर से/Assessee by : Shri K.J. Shalley, Advocate
राजस्व की ओर से/ Revenue by : Dr. Ranjit Kaur, Addl. CIT, Sr.DR

सुनवाई की तारीख/Date of Hearing : 06.11.2025
उद्घोषणा की तारीख/Date of Pronouncement : 07.11.2025

HYBRID HEARING

आदेश/ORDER

The present appeal has been preferred by the assessee against the order dated 08.04.2025 of the Commissioner of Income Tax (Appeals) NFAC, Delhi [in short ‘the CIT (Appeals)] pertaining to 2017-18 assessment year.

2. The assessee in this appeal is aggrieved by the action of the CIT (Appeals) in confirming the addition of Rs.20,86,585/- made by the Assessing Officer (in short 'the AO') on account of cash credits into the bank account of the assessee during demonetization period.

3. The brief facts of the case are that the assessee had deposited the cash of Rs.43,72,500/- in its bank account out of the cash sales made prior to the announcement of the demonetization scheme. It was pleaded that because of declaration of demonetization scheme, the assessee was not able to reinvest/purchase material out of the cash received and as required by the government, the cash out of cash sales was deposited in the bank account. On being asked to explain in this respect, the assessee furnished the required details including evidence of purchase, stock-in-trade, closing stock, evidence relating to sales made on credit/banking channel as well as cash sales. The AO, considering the evidences and other details, however, could not point out any defect or discrepancy in the audited accounts submitted by the assessee and other evidences relating to the business of the assessee and sales made by the assessee during the year. He, however, was of the view that entire deposit out

of cash sales was not justified and that the assessee might have introduced some of his unaccounted income into the garb of cash sales. He, giving some benefit to the assessee of the cash sales and thereby, accepting the cash sales to the extent of Rs.22,85,915/-, made the addition of the remaining amount, out of the cash sales at Rs.20,86,585/-.

4. The ld.CIT (Appeals) confirmed the additions so made by the AO.

5. I have heard the rival contentions and gone through the record. The ld. counsel for the assessee has brought my attention to page 3 of the assessment order, wherein, the AO himself has given a chart of the cash sales made by the assessee as well as the details of the amounts deposited in the bank account. A perusal of the said chart would reveal that the assessee had made cash sales of Rs.2.85 lacs in the month of July,2016, Rs.7.93 lacs in the month of August,2016, Rs.7.47 lacs in the month of September,2016, Rs.20.78 lacs in the month of October 2016 and Rs.3.69 lacs from 01.11.2016 to 08.11.2016. Out of the said cash sales, the assessee had deposited Rs.18.90 lacs in the month of November and further an amount of Rs.24.82 lacs in the month of December, 2016.

The AO has not disputed the cash sales made in the month of July, 2016, Aug.,2016, September, 2016 and even October 2016 to some extent. The impugned addition has been made by the AO only on the basis of assumptions and presumptions without any evidence that the amount deposited was out of any unexplained income of the assessee. The purchases, stock-in-trade and closing stock has not been suspected by the AO. The only plea that the assessee had not deposited the cash in the bank account during the earlier period except during demonetization period, in my view, rather, goes in favour of the assessee. Since the Government had declared demonetization scheme, hence, the assessee was estopped from circulating the cash received from the cash sales for reinvestment etc. and hence, per force, the assessee was required to deposit the same into the bank account. No adverse view can be taken in this respect. Moreover, ld. counsel for the assessee has further demonstrated that the total cash sales of the assessee during the entire year were just 4.57% of its turnover of the year, which was very minor and was reasonably acceptable considering the business turnover of the assessee. In view of this, the impugned addition made by the lower authorities is not sustainable and the same is ordered to be deleted.

6. In the result, appeal of the assessee stands allowed.

Order pronounced on 07th November, 2025.

Sd/-

(संजय गर्ग)

(SANJAY GARG)

न्यायिक सदस्य/ Judicial Member

“Poonam”

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT,
CHANDIGARH
6. गार्ड फाईल/ Guard File

Assistant Registrar