

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

**BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE-PRESIDENT
&
MRS. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER**

ITA No. 2278/DEL/2025; A.Y.: 2021-22

ITO, W-44(1) Civic Centre Delhi	Vs	Shri Varun Manchanda J-187, Vikaspuri, New Delhi, Delhi-18
(APPELLANT)		(RESPONDENT)
PAN No. AKKPM1891P		

Assessee by : **Shri Varun Arya, Advocate**
Shri Rajesh Gupta, CA

Revenue by : **Shri Ajay Kumar Arora, Sr. DR**

Date of Hearing: 06.01.2026	Date of Pronouncement: 06 .01.2026
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ORDER

PER RENU JAUHRI :

The above captioned appeal is preferred before the Tribunal against the order dated 11.02.2025, passed by Ld. CIT(A), National Faceless Appeal Centre (for short, NFAC), Delhi u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as, "Act"), in Appeal No. NFAC/2020-21/10211055 for A.Y. 2021-22.

2. The Revenue has raised following grounds in its appeal:

“ 1. On the facts and circumstances of the case and provision of law, the Ld, CIT(A)/NFAC has erred in deleting the addition made u/s 56(2) of I.T. Act on account of cash gifts received from relatives amounting to Rs. 10,43,998/- ignoring the fact that gifts received from relatives (parents, siblings, spouses and other specified family members) as defined under section 56(2) of Income Tax Act are exempt

from tax, but to claim such exemption, details are to be furnished by assessee, which could not be furnished by assessee during the course of assessment proceedings.

- 2. On the facts and circumstances of the case and provision of law, the Ld. CIT(A)/NFAC has erred in deleting addition of Rs.29,54,493/- by ignoring the fact that total credit card bill amounting to Rs.43,48,331/- has been paid on behalf of the assessee and the assessee has failed to submit specific reply/details of business generated through assessee to Lightstone Developers India Pvt. Ltd. and assessee had claimed that he is a director in Lightstone Developers India Pvt. Ltd.*
- 3. On the facts and circumstances of the case and provision of law, the Ld. CIT(A)/NFAC has erred in deleting the addition made by AO on account of disallowance of exempt income claimed by assessee on account of sale of agricultural land of Rs. 1,51,00,000/- ignoring the fact that the impugned advance payment of Rs. 1,51,00,000/- has been received by assessee during 06/03/2018 to 10/03/2018 pertaining to F.Y 2017-18 relevant to A.Y 2018-19 and in such situation, assessee is not eligible to claim this exemption during the year under consideration. Further, no evidence showing possession of 12 Kanal land handed over to the purchases has been submitted.”*

3. Brief facts of the case are that the assessee filed his return for A.Y. 2021-22 on 08.02.2022 declaring total income of Rs 5,26,990/-. The case was selected for scrutiny to examine the claim of large exempt income. After scrutiny, additions were made on account of cash gifts from family members (Rs. 10,43,998/-), credit card payments (Rs. 29,54,493/-) made by M/s Lightstone Developers India Pvt. Ltd. on behalf of the assessee and advance money received in sale of agricultural land (Rs. 1,51,00,000/-) which was treated as income from other sources. This assessment was completed at total income of Rs. 1,96,25,481/-.

Aggrieved, the assessee preferred an appeal before the Ld.

CIT(A). After considering assessee's submissions, Ld. CIT(A) allowed the appeal of the assessee. Aggrieved, Revenue is in appeal before the Tribunal.

4. **Ground No. 1: Addition of Cash Gifts u/s 56(2) [Rs. 10,43,998/-]**

Brief facts are that in respect of cash of Rs. 10,43,998/- deposited in the bank account, the assessee claimed these to be gifts received in denominations ranging from Rs. 2100/- to Rs. 11,000/- from multiple members of his family and relatives on the occasion of his 10th marriage anniversary. The assessee submitted a copy of the relevant page of his cash book in support of the claim. Ld. AO asked the assessee to furnish further details such as the names of family members, PAN No., amount of gift received, relationship with the assessee etc. As requisite documentary evidence was not furnished, Ld. AO treated the amount of cash gifts as taxable u/s 56(2)(x) of the Act. Before Ld. CIT(A), the assessee reiterated his submissions that cash gifts were received for multiple family members and it is difficult to give name and other details of each guest. Ld. CIT(A) accepted the assessee's submission and held that gifts from relatives as defined u/s 56(2) are exempt regardless of the amount involved. Accordingly, he deleted the addition of Rs. 10,43,998/-.

4.2 Before us, Ld. DR pointed out that section 56(2) specifies the category of relatives from whom the gifts received are exempt from tax. However, the assessee had failed to give any details or break-up of Rs. 10,43,998/- before the lower authorities. In the absence of basic details such as name, relation with the

assessee of the donors etc, these gifts were rightly added to the assessee's income and relief given by Ld. CIT(A) was not justified.

4.3 On the other hand, Ld. AR has strongly relied on the order of the Ld. CIT(A) and argued that it is customary to give gifts on such occasions and it is not possible to give the details such as PAN, letter of confirmation and their ITRs sought by the Ld. AO

4.4 We have heard the rival submissions and perused the material on record. We note that the assessee has not been able to provide even the basic details such as the name of the donors, their relationship with the assessee, amount gifted etc to enable the Ld. AO to verify the allowability of gifts *viz-a-viz* the provisions of section 56(2)(x) which clearly specify the conditions under which such gifts are not taxable. We are thus, of the considered view that the amount of Rs. 10,43,998/- has rightly been added to the assessee's income by Ld. AO and Ld. CIT(A) was not justified in deleting the same in the absence of requisite details. This ground of appeal of the revenue is accordingly allowed.

5. **Ground No. 2: Addition of credit card bill payment- Rs. 29,54,493/-**

Brief facts are that the assessee had made payment towards credit cards through ICICI Bank, Kotak Mahindra Bank, HDFC Bank, totaling Rs. 29,54,493/- during the year. Since requisite details were not furnished before the Ld. AO, the same was treated as unexplained expenditure and added u/s 69C of the Act. Ld. AO noted that the payments were made by M/s Lightstone

Developers India Private Limited on behalf of assessee but the assessee did not submit the details of relations with the said entity or the business generated by the assessee for it.

5.2 The assessee contested the addition before Ld. CIT(A). After considering assessee's submission, Ld. CIT(A) noted that the assessee is a Director in the company i.e., M/s Limestone Developers India Private Ltd. and all the payments of the credit cards were made by the company on behalf of the assessee. It was explained by the assessee that this was treated in the nature of imprest account where the assessee, a director of the company, spent the amount temporarily on behalf of the company and the company reimbursed the expenses so made. After examining the copy of the ledger account and the bills of credit cards, Ld. CIT(A) held that the assessee has duly explained the source of payment of credit cards and, therefore, deleted the addition of Rs. 29,54,493/- made on account of unexplained expenditure.

5.2 Before us, Ld. AR has submitted that the requisite details were filed before the lower authorities and the source of payment of credit card bills has been duly explained and hence, the decision of the Ld. CIT(A), deleting the addition deserves to be upheld.

On the other hand, Ld. DR has submitted that since the assessee did not explain his relationship with the company and the reason of payment made by the said company on his behalf, the addition was rightly made by the AO.

5.3 After hearing both the parties, we are of the considered view that the payment of credit card bills has been duly explained, and, therefore, the addition of Rs. 29,54,493/- made by the Ld. AO is without any basis and the same is hereby, deleted.

5.4 Accordingly, this ground of appeal of the revenue is, hereby, dismissed.

6. **Ground No. 3: Claim of exempt income of agricultural land – Rs. 1,51,00,000/-**

6.1 Brief facts are that the assessee had claimed exempt income of Rs. 1,51,00,000/- in his return on account of advance money received for sale of agricultural land in respect of which the agreement was executed between the assessee and Shri Sushil Kumar and Smt. Seema Sushil Kumar on 06.03.2018. The total consideration as per the agreement was Rs. 2,21,00,000/- out of which advance money received by the assessee of Rs. 1,51,00,000/- in March, 2018, was treated as 'income from other sources'. Ld. CIT(A) observed that as per the copy of the agreement dated 06.03.2018, the land in question was clearly an 'agricultural land' which was situated 20 kms away from the sub-District Headquarter, Abohar, Punjab. He also observed that sale of agricultural land is to be treated as exempt from tax u/s 54B of the Act. Accordingly, Ld. CIT(A) held that since the land in question does not fall under definition of a Capital asset in view of the provisions of section 2(14)(iii)(b) of the Act, and the assessee is engaged in agricultural operations on such land, the impugned transfer cannot be considered as transfer of a capital asset. Accordingly, the addition made by the

Ld. AO of Rs. 1,51,00,000/- was deleted. Aggrieved with the order of Ld. CIT(A), revenue is in appeal before the Tribunal.

6.2 After hearing both the parties and on perusal of the details/documents placed before us, we are of the considered view that the amount in question was an advance received for sale of agricultural land during F.Y. 2017-18. Since the land in question is not a capital asset covered u/s 2(14)(iii)(b) of the Act, the transaction is outside the purview of capital gains and hence not taxable. Accordingly, Ld. CIT(A) was justified in deleting the addition. Accordingly, this ground of the appeal is also dismissed.

7. In the result, appeal of the revenue is partly allowed.

Order pronounced in the Open Court on 06-01-2026.

Sd/-
(MAHAVIR SINGH)
Vice-President

Sd/-
(RENU JAUHRI)
Accountant Member

Dated: 12.02.2026

Pooja Mittal

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi