

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

**BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER, AND  
SHRI YOGESH KUMAR U.S, JUDICIAL MEMBER**

**ITA No. 1550/DEL/2020 [A.Y. 2017-18]**

The Income-tax Officer	Vs.	M/s J.K. Wood India Pvt Ltd
Ward - 2		House No. 7, 1131
Karnal		Timber Market, Karnal

**PAN - AADCJ 2941 H**

**(Applicant)**

**(Respondent)**

**Assessee By :** Shri Ved Jain, Adv  
Shri Aman Garg, CA

**Department By :** Shri Sidharth Bhim Singh, Sr. DR

**Date of Hearing : 02.01.2024**  
**Date of Pronouncement : 03.01.2024**

**ORDER**

**PER N.K. BILLAIYA, ACCOUNTANT MEMBER:-**

This appeal by the Revenue is preferred against the order of the  
ld. CIT(A) Karnal dated 10.07.2020 pertaining to A.Y. 2017-18.

2. The sum and substance of the grievance of the Revenue is that the Id. CIT(A) erred in deleting the addition of Rs. 69 lakhs made on account of unexplained cash deposits during the demonetization period when the assessee failed to explain the source thereof satisfactorily during the assessment proceedings.

3. Representatives of both the sides were heard at length. Case records carefully perused. Relevant documentary evidence brought on record duly considered in light of Rule 18(6) of the ITAT Rules.

4. Briefly stated, the facts of the case are that the assessee electronically filed its Return of Income on 28.09.2017 declaring an income of Rs. 13,08,230/-. Return was selected for scrutiny assessment through CASS and accordingly, statutory notices were issued and served upon the assessee.

5. The assessee is engaged in the business of sawing and wholesale trading of timber. During the course of scrutiny assessment proceedings, the assessee was asked to explain the source of cash deposits of Rs. 69 lakhs in its bank account during the F.Y. 2016-17.

6. In its reply, the assessee explained that it is engaged in the business of trading wood and during the months of October - November 2016, the assessee has sold wood to various parties and sales were made in cash, which has been deposited during demonetization period. It was explained that the assessee has paid VAT on the sales made and reported the same in its books of account.

7. In support, the assessee filed copy of bills, Sale/VAT return, stock register and VAT assessment order.

8. The detailed reply of the assessee and documentary evidences were dismissed by the Assessing Officer solely on the observation that there was a substantial increase in the cash deposits during the demonetization period as compared to the pre-demonetization period. The Assessing Officer also dismissed the claim of sales and went on to make addition of Rs. 69 lakhs u/s 69A of the Act treating the deposits of Rs. 69 lakhs as income from undisclosed sources and computed the tax as per provisions of section 115BBE of the Act.

9. Addition was challenged before the Id. CIT(A). It was strongly contended that cash deposit is duly reflected in the books of account maintained in the ordinary course of business both under the Companies Act and under the Income Tax Act. It was explained that the assessee was having sufficient cash in hand available with it which was received out of cash sales made during the period.

10. Once again, the assessee filed necessary evidences and after considering the facts and submissions and documentary evidences, the Id. CIT(A) observed that the amount of Rs. 69 lakhs is duly recorded in the books of account which were audited under various laws applicable and supported by credible evidence like copies of invoices, stock register maintained on a day to day basis, VAT returns filed from time to time and order of VAT authorities accepting the sales made by the assessee during the year under consideration.

11. Having satisfied himself with the explanation of the assessee supported by documentary evidence, the Id. CIT(A) deleted the impugned addition.

12. Before us, the ld. DR strongly supported the findings of the Assessing Officer but could not point out any factual error in the findings of the ld. CIT(A).

13. Per contra, the ld. counsel for the assessee reiterated what has been stated before the lower authorities.

14. We have given thoughtful consideration to the factual matrix discussed hereinabove. The undisputed fact is that there is not even a whisper of any defect, error or infirmity in the books of account maintained by the assessee which were audited both under the Companies Act and under the Income tax Act. The books of account have been maintained in the regular course of business and cash deposits in the books of account are duly reflected in the books of account

15. Sales made by the assessee and shown in the regular books of account have been accepted as such by VAT authorities while framing the VAT assessment. The assessee was having sufficient stock in hand for making the impugned sales during the demonetization period and it is not the case of the Assessing Officer that the assessee has shown

bogus purchases to show bogus sales to cover up cash deposited during the demonetization period.

16. Considering the facts in totality, we do not find any reason to interfere with the factual findings of the Id. CIT(A).

17. In the result, the appeal of the Revenue in ITA No. 1550/DEL/2020 is dismissed.

The order is pronounced in the open court on 03.01.2024.

**Sd/-**

**[YOGESH KUMAR U.S]  
JUDICIAL MEMBER**

**Sd/-**

**[N.K. BILLAIYA]  
ACCOUNTANT MEMBER**

Dated: 03<sup>rd</sup> JANURARY, 2024

VL/

Copy forwarded to:

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

Asst. Registrar,  
ITAT, New Delhi

Date of dictation	
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr.PS/PS	
Date on which the final order is uploaded on the website of ITAT	
Date on which the file goes to the Bench Clerk	
Date on which the file goes to the Head Clerk	
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Date of dispatch of the Order	