

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
CHANDIGARH BENCH, 'A', CHANDIGARH

**BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT &
SHRI KRINWANT SAHAY, ACCOUNTANT MEMBER**

आयकर अपील सं./ ITA No. **799/CHD/2023**

निर्धारण वर्ष / Assessment Year : 2018-19

Inderjeet Singh Prop. Ms. Gurmukh Travels, 490A, Model Town Extension, Ludhiana	Vs. बनाम	The ITO, Ward 6(1), Aaykar Bhawan, Rishi Nagar, Ludhiana
स्थायी लेखा सं./PAN No: AYVPS2540L		
अपीलार्थी/ APPELLANT		प्रत्यर्थी/ RESPONDENT

(HYBRID HEARING)

निर्धारिती की ओर से/Assessee by : Shri Sudhir Sehgal, Advocate
राजस्व की ओर से/ Revenue by : Shri Rohit Sharma, CIT DR (Virtual)

सुनवाई की तारीख/Date of Hearing : 03.02.2025
उदघोषणा की तारीख/Date of Pronouncement : 07.03.2025

आदेश/Order

Per Krinwant Sahay, A.M.:

The appeal in this case has been filed by the Assessee against the order dated 28.11.2023 of the Id. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi.

2. Grounds of appeal taken by the Assessee are as under: -

1. *That the Ld. CIT(A) has erred in confirming the addition of Rs.7,97,10,019/-on account of cash deposit in regular bank account of the assessee, ignoring the nature of business, which is of 'Air Travel and Air Ticket Agency'.*
2. *That the Ld. CIT(A) having, accepted the cash deposit of Rs. 6,15,08,851/- as of 'Travel Agency business' and non-acceptance of cash deposit on the same facts and circumstances to the tune of Rs. 7,97,10,019/- is against the facts and circumstances of the case.*
3. *That the finding of the Ld. CIT(A) that no evidence could be produced of Rs. 7,97,19,019/-, is against the facts and circumstances of the case.*
4. *That the finding of the Ld. CIT(A) in para 6.8 that the commission is presumably on sale of tickets is incorrect, as the nature of business was explained in detail during the course of hearing, which has been appreciated partly and not appreciated fully and, thus, the addition of Rs. 7,97,10,019/- deserves to be deleted.*
5. *That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off.*

3. During the proceedings before us, the ld. Counsel for the Assessee has filed a written submission. Brief facts, as per the written submission filed by the Counsel of the Assessee are as under: -

1. The facts, in brief, are that the assessee is carrying on the business of tour and travel and the modus operandi of the business is that, he is earning commission from the sale of the airline tickets only and the entire purchase of the travel ticket are through banking channel. The sale of tickets is partly in cash and partly through banking channel and he is having a license issued by IATA (International Air Transport Association) and in the returns of income, being filed year after year, he has been disclosing the commission earned in his audited books of accounts and same modus operandi has been adopted by him in the earlier years and the assessments for earlier years i.e. AYs 2013-14, 2014-15 & 2015-16 have been completed u/s 143(3).

2. The case of the assessee was selected for scrutiny on the issue of cash deposits in the current regular bank account, to the tune of Rs. 14,12,18,870/- and during the course of assessment proceedings, the source of entire cash as deposited in the bank accounts was stated to be out of sale of tickets of his clients and supported by cashbook and corresponding purchases from the suppliers. During the course of assessment proceedings, detailed information with regard to the copy of the 'sale register' giving date, name of the customer, transaction number, name of the supplier, from whom the tickets have been purchased was furnished, along with the ledger account in the books of suppliers from whom the tickets have been purchased and also details

of the cash receipts from sale of the tickets from 01.04.2017 to 31.03.2018. Linking the same with the sale register and accounts of the suppliers of the tickets had been furnished. Further, various replies dated 07.05.2021, 17.05.2021, 16.08.2021 had been submitted in response to the various queries to the show cause notices, explaining the deposit of cash on various dates in the regular bank account of the assessee which was remitted for purchase of the airline tickets on behalf of the parties.

4. Although there are various grounds of appeal taken by the Assessee before us but the only issue involved in this case is regarding sustenance of addition to the tune of Rs. 7,97,10,019/- by the ld. CIT(A).

5. During the proceedings before us, the ld. Counsel for the Assessee has filed written submissions and argued on the lines of his submissions which are as under: -

1. The Assessing Officer while passing the order has held that there was a matching of purchase of ticket only to the tune of Rs. 6,15,08,851/- and, thus, he made balance addition of Rs. 7,97,10,019/- without providing any basis of such calculation, though as per the detailed information furnished before AO, each & everything was verifiable. The assessee had also filed air

ticket purchase & sale summary for the assessment year under consideration and for the earlier years from AY 2014-15 to 2017-18 before the AO in order to substantiate that it was only the commission, which the assessee had earned from such sale of ticket. It was further contended that each ticket sold is purchased from Government Approved suppliers and payment to the supplier was made via banking channel without pinpointing any defect the said addition was made by the AO.

2. Before Id. CIT(A), detailed submissions were made which have partly been reproduced in the order of the CIT(A). It was submitted that all the deposits in the two current accounts in HDFC Bank, represent the sale proceeds of the ticket and complete copy of the cashbook, copies of the bank statements. Reference was also made before the CIT(A) that, whatever, commission was received by the assessee, TDS have been deducted therefrom and the same is reflected in the Form 26AS of the Department and copy were placed before CIT(A).
3. The CIT(A) have confirmed the order of the A.O., though, he has accepted the fact that the most of the ticket sales were made to walk-in clients. 99.5% ticketing sales are related to foreign travel only. He however, stated that the copies of the passport / VISA, ID, date of journey, destination etc. had not been

submitted by the assessee and in the absence of the same, the cash sales could not be considered as genuine and so, he dismissed the appeal of the assessee.

4. It was contended before us that the past history and the modus operandi of the business of the assessee is quite apparent from the Audited Profit & Loss account and balance sheet, where the commission has been disclosed on the purchase & sale of Airline tickets and on behalf of the clients of the assessee and all such purchases have been made from the Government Approved suppliers and TDS has been deducted, therefrom on account of commission received from them. It was further, contended that this modus operandi of the assessee is the same as in the earlier years, which is borne out from the copies of the orders for Assessment Years 2013-14, 2014-15 & 2015-16. Further, copies of the account of the suppliers from their books had been furnished and linking the same to the purchase of tickets and, thus, it has been demonstrated that all the cash received from the persons, for purchase of tickets had been deposited in the current bank accounts and, then remitted to the such suppliers of the tickets. Each and every entry in the cashbook is supported by 'sale invoices' and the software keeps the record of its corresponding purchases from the supplier and such details had also been furnished before the Assessing Officer and the copies of the same have also been filed before us. It was

further argued before us that there is no bar in making the cash sales by the assessee and there is complete record in respect of each & every customer, for whom, the tickets have been purchased. Out of the receipts of cash from the customers which have been filed before the AO, as mentioned in the copy of the sale register and further there is no bar in making the cash sale as per the binding judgment of the Hon'ble Bombay High Court in the case of RB Jessaram Fateh Chand vs. CIT reported at [1970] 75 ITR 33 wherein it has been held as under:

"There is no necessity for assessee to maintain the addresses of customers and failure to maintain the same or to supply them as and when called for cannot give rise to suspicion with regard to genuineness of transactions"

8. Same view has been taken by the Kerala High Court in the case of reported at [1972] 83 ITR 484 (Kerala): M. Durai Raj v. CIT and in the case of M/s Asian Consolidated Industries Limited vs ITO in ITA No. 4873/Del/1998 order dated 05.10.2018 (Del Bench). Also, the same view have been taken in the case of ITO vs M/s Sunny Jewellery House in ITA No. 196/Chd/2014 order dated 06.05.2016.
6. The ld. DR relied on the order of ld. CIT(A).
7. During the course of hearing, the ld. Counsel submitted a reconciliation chart of the details of payments to govt, approved

agencies to whom payments have been made for purchasing air tickets, through banking channels and also the reconciliation of the commission as reflected in the audited books of accounts furnished before the Department. It was argued that since the assessee had only earned the commission/margin in the sale of tickets to the customers, the addition as sustained by the CIT(A) deserves to be deleted. Thus, in nutshell, it was vehemently argued by the Id. Counsel that there was no justification at all by the AO and the CIT(A) in making an uncalled for addition of Rs. 7,97,10,019/- since, each & every receipt of cash from the customers has been linked with the supplier of the airline ticket from the particular Government Approved Agent and all such payments have been made to the Government Approved Agents through banking channel.

8. The Id. DR relied on the order of the CIT(A) and argued that though the assessee was only a commission agent and the income was earned on account of the sale of airline tickets in cash, still then, the Assessee should have the details of its customers as most of the ticket sales are for foreign travels.

9. We have considered the arguments of the Id. Counsel, Id. CIT DR and the order of the Assessing Officer, CIT(A) and also the brief

synopsis and the paper books filed before us along with the reconciliation chart in respect of the commission/margin as disclosed by the assessee in its audited books of accounts. The modus operandi of the assessee is very much clear that he is earning only the commission/ margin on the sale of airline tickets and it is a common fact that the assessee accepts cash or cheque for arranging the airline tickets for its customers, who are walk-in customers, as accepted by the CIT(A) and after the receipt of the cash, the said amount is remitted to the Government Approved Agents through banking channels for which, complete details in respect of each & every customers of the amount received and the amount, for which, the ticket was purchased on his behalf has been reflected in the sale register, giving the details, name of the customer, transaction number and the name of the supplier from whom the tickets have been purchased. Copies of the accounts of the suppliers of the ticket from their books of accounts had also been furnished before the AO and no defect was pointed out either by the Assessing Officer or CIT(A).

10. We have also gone through the reconciliation chart of the commission/ margin as earned by the assessee during the year under consideration and we have also considered the fact that in the earlier years on the same basis, the income has been earned on account of

the same facts and in similar fashion, and, thus, there is a consistency with regard to the business carried on by the assessee. Since, complete information have been filed before the Assessing Officer and CIT(A), copies of accounts have been submitted before us. In view of linking of such receipts of cash with the purchase of ticket and reconciliation of the payment made to the Government Approved Agents viz a viz each receipt of cash from the customers for the purchase of ticket and the chart as furnished during the course of hearing, and the submission filed by the assessee.

11. We have considered the assessment order passed by the Assessing Officer and the appellate order passed by the Id. CIT(A). We have also considered the arguments of the Counsel of the Assessee and written submissions filed by him before us. We find that the Assessee is purchasing tickets form the government approved carriers as he has been issued license by IATA (International Air Transport Association). All the sales amounts made by the Assessee are returned back to different airlines deducting the margin / commission of the Assessee. We find that the Assessee has filed details of all the sales he has made to different customers and since there is no bar from sale of tickets in cash, therefore, the findings given by the authorities below that the sales made in cash do not stand proved

seems incorrect. Assessee's commission / margin earned from the same business has been accepted by the Department in the scrutiny assessment in earlier years also and no adverse view was taken in earlier years. In the present year, also like in earlier years sale of tickets has been made in cash but all such sale proceedings have been deposited in the account of Airlines, therefore, there is hardly any possibility of wrong doing on this account. Therefore, we are of the view that the action of making addition of such cash sales and its sustenance by the Id. CIT(A) is not justified. Accordingly, Assessee's appeal on this issue is allowed.

12. In the result, the appeal of the Assessee is allowed.

Order pronounced on 07.03.2025.

Sd/-
(RAJPAL YADAV)
Vice President

Sd/-
(KRINWANT SAHAY)
Accountant Member

“आर.के.”

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

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

आदेशानुसार/ By order,

सहायक पंजीकार/ Assistant Registrar