

IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'SMC' : NEW DELHI)

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT

ITA No. 5531/Del/2025
Asstt. Year : 2017-18

GAURAV BHATIA,
C-9, WESTERN COLONY,
NEW DELHI – 110 027
(PAN: APSPB5564K)
(Appellant)

VS. ITO, WARD 70(5),
NEW DELHI

(Respondent)

Appellant by : Sh. K. Sampath, Advocate
Respondent by : Sh. Manoj Kumar, Sr. DR.

Date of Hearing	27.10.2025
Date of Pronouncement	22.01.2026

ORDER

This appeal by the Assessee is emanating from the order of the NFAC, Delhi in Appeal No. CIT(A), Delhi-27/10157/2019-20 dated 03.7.2025. Assessment was framed u/s. 143(3) of the Income Tax Act, 1961 dated 12.12.2019 relating to assessment year 2017-18.

2. Brief facts of the case are that assessee is an individual who filed the return declaring total income of Rs. 2,73,320/- under the head 'salary' and 'other sources'. The case was selected for Complete Scrutiny under CASS for the reason "Cash deposit during demonetization period". Notice u/s. 143(2) was issued on 24.9.2018 and served upon the assessee by the ITO, Ward 71(4), New Delhi, who had jurisdiction over the assessee at the relevant point in time. Thereafter, the case was transferred to the ITO, Ward 70(3), New Delhi as the jurisdiction over the case lies with him. Further the notice u/s. 143(2) was issued by the ITO, Wards 70(3), New Delhi on 27.9.2018 and the same was duly served upon the assessee.

Subsequently, the case was transferred to the ITO, Ward 70(5), New Delhi u/s. 120 of the Act. After considering the arguments and documents adduced by the assessee, the assessment was finalized and the impugned assessment order u/s. 143(3) was issued on 12.12.2019, determining the total income at Rs. 33,43,320/- which was arrived at after addition of Rs. 30,70,000/- within the scope of section 69A of the Act read with section 115BBE being the amount of cash deposited during the demonetization period in the bank account of the assessee with HDFC bank Karnataka Bank. Aggrieved, assessee appealed before the Ld. CIT(A), who vide his impugned order dated dismissed the appeal of the Assessee. Against the above action, assessee appealed before the Tribunal.

3. After hearing both the sides and perusing the records, I note that the main contention of the assessee that the cash deposited in the bank account of the assessee was the cash gift (sagan) received by the assessee on the day of his marriage by the various relatives, family members and other invitees. The marriage was took place on 21.02.2016 on that day various cash gifts were received by the couple which assessee kept it with him and does not deposited in any bank account. Later when demonetization took place in November, 2016, assessee unwillingly has to deposit all the cash with him in the bank account and did the same. To support this contention, assessee enclosed the list of 348 persons who have given Sagan alongwith the amount of Sagan and also attached the copy of marriage invitation. Assessee has also uploaded affidavits sworn in by Shri Vijay Kumar Haritash and Anil Chawla, the Managers of assessee's father, who apart from confirming the ceremonies on 17.02.2016 and 19.02.2016, confirmed that the assessee had received 'sagan' from friends and relatives. The assessee has also uploaded affidavit sworn in by his parents attempting to justify that 'sagan' was actually received. In view of the aforesaid background of the case, I am of the considered view that that the source of the cash deposits of

assessee was cash gift received in the shape of 'sagan' on his marriage as a token of love and affection for which sufficient documentary evidence has been produced before the lower authorities on this count, which justifies the explanation relating to source of cash deposits, therefore, in my considered opinion, the addition of Rs. 30,70,000/- made u/s. 69A r.w.s. 115BBE of the Act deserve to be deleted. Hence, I hold and direct accordingly. Also it is noted that as far as assessment u/s. 115BBE of the Act is concerned, the Hon'ble Madras High Court in SMILE Microfinance Ltd. vs. ACIT in WP(MD) no. 2078 of 2020 & 1742 of 2020 dated 19.11.2024 (Mad.) has already settled the issue against the department that the law applies to the transaction on or after 01.04.2017 only.

4. In the result, the Assessee's appeal is allowed.

Order pronounced in the Open Court on 22.01.2026.

Sd/-
(MAHAVIR SINGH)
VICE PRESIDENT

Date: 22.01.2026

SRBhatnagar

Copy forwarded to: -

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

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By Order,

Assistant Registrar, ITAT, Delhi Bench