

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

**BEFORE SH. SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SH. NAVEEN CHANDRA, ACCOUNTANT MEMBER**

**ITA No. 7354/Del/2025
(Assessment Year : 2017-18)**

Kamini Devi 6, Asora House, Subhash Bazar, Meerut PAN No. ACRPD 5038 N (APPELLANT)	Vs.	ITO, Ward 1(1)(3) Meerut (RESPONDENT)
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Assessee by	Shri Samyak Jain, Adv.
Revenue by	Shri Om Prakash, Sr. D.R.

Date of hearing:	30.03.2026
Date of Pronouncement:	30.03.2026

ORDER

PER NAVEEN CHANDRA, ACCOUNTANT MEMBER :

This captioned appeal has been filed by the assessee against the order of the learned Commissioner of Income Tax (Appeals)-Delhi ['CIT(A)' in short] dated 21.10.2025 arising from the assessment order dated 30.03.2022 passed by the Income Tax Officer (ITO), Delhi under Section 147 read with section 144B of the Income Tax Act, 1961 (the Act) concerning Assessment Year (A.Y.) 2017-18.

2. Though the assessee has raised several legal grounds on reassessment u/s 147. The same were not argued hence dismissed as such. The solitary issue left in the case is an addition of Rs.1,47,29,000/- as unexplained credit from the one trading company i.e. Kangna Agro Product Prop. Shri Sanjay u/s 68 of the Act, which the AO held as bogus company as found in the course of survey. The said addition was confirmed by the CIT(A) and hence the aggrieved assessee is before us.

3. Before us, learned Counsel stated that the assessee had provided the VAT returns of said Kangna Agro Products, Copy of Form C, stock register and Bank Statement of M/s. Kangna Agro Products.

4. Per contra, the learned DR relied on the orders of the AO and CIT(A).

5. We have heard the rival submissions and perused the materials on record. We find that in the instant case, the assessee has attempted to prove the entire credits as cash sales made to M/s. Kangna Agro Products and in support furnished VAT returns of said Kangna Agro Products, Copy of Form C, stock register and Bank Statement of M/s.

Kangna Agro Products. Although the assessee, prima facie, appears to have discharged its onus of explaining source of cash credits, its contentions to prove the source, hardly deserves to be accepted in entirety especially when the AO found the same to have been received from a bogus entity which provides accommodation entries. On the other hand, the Revenue's endeavour to tax the entire sales to Kangna Agro Products would amount to double taxation as the same has already been declared in the assessee's books. Further, the VAT return of the said entity cannot be dismissed at hand without cogent reasons. In this factual matrix, there is some element of failure to explain some of the credits, cannot be ruled out. Be that as it may, it is deemed appropriate, in larger interest of justice, that a lump-sum addition of ₹ 10 lakh only would be just and proper with a rider that the same shall not be treated as a precedent, so as to cover all loopholes. The ground of appeal no 8 is partly allowed.

6. In so far as assessee's levy of tax at a higher rate under section 115BBE of the Act is concerned, we find that the Madras High Court in the Writ petition in the case of *S.M.I.L.E. Microfinance Ltd. Vs. ACIT*, W.P. (MD) No.2078 of 2020 & 1742 of 2020, dated 19.11.2024 (Madras) has held that the impugned statutory provision would come into effect

on the transaction done on or after 01.04.2017 only. Accordingly, we direct the AO to tax the addition under normal provisions of tax and not under the provisions of 115BBE.

7. The appeal is therefore, partly allowed.

Order pronounced in the open court on 30.03.2026

**Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER**

**Sd/-
(NAVEEN CHANDRA)
ACCOUNTANT MEMBER**

Date:- 06.04.2026

Priti Yadav, Sr. Ps*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT NEW DELHI**