

ITAT deletes Addition on Account of Investment made from Undisclosed Sources as all Transactions were made through Banking Channels

Fact of the Case

- The assessee, Vaneet Mittal is an individual filed his return of income for the assessment year under consideration declaring total income of Rs. 5,04,990/-. The case was selected for scrutiny and the AO passed assessment order u/s 143(3) of the Act and determined the total income of the assessee at Rs. 2,85,50,990/- after making addition of Rs. 2,80,46,000/-u/s 69 of the Act.
- The assessee challenged the assessment order before the CIT(A). The CIT(A) after hearing the assessee allowed the appeal and deleted the addition made by the AO. The revenue is in an appeal against the said findings of the CIT(A).
- The issue raised was whether CIT(A) has erred in deleting the addition of Rs.2,80,46,000/- on account of investment made from undisclosed sources. The observations made, while disbelieving the evidence produced during the assessment proceedings, specifically relating to the creditworthiness and genuineness of parties from whom loans have raised are not based on probabilities, but the evidence produced by the assessee are baseless. These said parties have no financial capacity to give huge interest-free loans.
- The assessee supporting the order passed by the CIT(A) submitted that during the relevant period, the assessee being a partner in the partnership firm M/s Mittal Traders had been receiving remuneration apart from rental income.
- During the year relevant to the assessment year under consideration, the assessee and his wife jointly purchased the basement of the shop vide two sale deeds. The assessee paid Rs. 2,75,00,000/- as his share (excluding registration expenses). During the assessment proceedings, the assessee explained the source of investment on the basis of documentary evidence.

Decision of the Case

- The coram headed by the Vice President, N.K.Saini and Judicial Member R.L.Negi held that AO has not pointed out any evidence on the basis of which he reached at the conclusion that the assessee had obtained accommodation entries from the parties concerned.
- In our considered opinion, since the AO had made the addition in question on an assumption and presumption basis the CIT(A) has rightly deleted the addition.