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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ ITA 839/2016

PRINCIPAL COMMISSIONER OF INCOME-TAX – 16

..... Appellant

Through: Sh. Sanjay Kumar, Sh. Dileep Shivpuri and Sh. Vikrant. A. Maheshwari, Advocates.

versus

M/S S. K. ELECTRONICS ..... Respondent

Through : Sh. Salil Aggarwal and Sh. Ravi Pratap Mall, Advocates.

**CORAM:**
**HON'BLE MR. JUSTICE S. RAVINDRA BHAT**
**HON'BLE MR. JUSTICE NAJMI WAZIRI**

**O R D E R**

**% 15.02.2017**

The Revenue has filed this appeal aggrieved by an order of the Income Tax Appellate Tribunal (ITAT); it urges that the deletion directed in respect of the sums added under Section 68 of the Income Tax Act, 1961 as an “unexplained income” was not justified in the circumstances.

The Assessing Officer (AO) had added an amount of ₹7,41,11,000/- as unexplained credit during AY 2007-08, on the ground that loans could not be appropriately explained. The CIT(A) sought the remand report after which the assessee’s plea was accepted and its appeal allowed.

The ITAT appraised the materials on record and was of the opinion that the identity of the creditors, their creditworthiness and the genuineness of the transactions had been established. The ITAT pertinently noted as follows:

> *"The Learned CIT(Appeals) called for the remand report from the Assessing Officer on the submission of the assessee and noted that all the payments were received in cheques from the creditors, all the creditors are identified and were having full creditworthiness. He has also noted the details of the bank accounts from which the loans have been received. That all the creditors are existing assessee of the department and they have been filing regular returns of income and unsecured loans were reflected in their respective balance sheet and the income-tax returns. The details of which were furnished before the Learned CIT(Appeals) and have been reproduced all the relevant details in para Nos. 4.5, 4.6, 4.7 and 4.8 of the first appellate order, which we are not repeating here for the sake of brevity. Learned CIT(Appeals) and have been reproduced all the relevant details in para Nos. 4.5, 4.6, 4.7 and 4.8 of the first appellate order, which we are not repeating here for the sake of brevity. The Learned CIT(Appeals) has also noted the name of creditors in whose cases assessment under sec. 143(3) of the Act for the assessment year under consideration have been framed. In para No.4.8 of the first appellate order, the Learned CIT(Appeals) reproduced the details submitted by the assessee showing net worth of the creditors in support of their creditworthiness. In para No. 5, the Learned CIT(Appeals) has reproduced the relevant report of the remand report of the Assessing Officer reporting as "all the transactions have been made through bank accounts and copy of their bank statements have been filed which shows the genuineness of the transaction. All the parties have filed copy of balance sheet which shows the creditworthiness of the creditors". We thus find that*

*reproducing details of the creditors furnished by the assessee in his order and calling report on those submissions from the Assessing Officer, as discussed above, the Learned CIT(Appeals) has come to the conclusion and rightly so that there was considerable merits in the submissions of the assessee that all the unsecured loans were genuine as the same were examined and verified by the Assessing Officer after reexamine the creditors during the course of remand proceedings. Since the assessee in the present case has been able to establish identity, the creditworthiness of the creditors and genuineness of the claimed genuineness of the unsecured loans, we are of the view that the Learned CIT(Appeals) has rightly deleted the addition of Rs.7,41,11,000 made by the Assessing Officer on account of unexplained unsecured loan. The same is upheld. The ground no.1 is accordingly rejected."*

The Court notices that as far as the deletion with respect to ₹2,15,96,360/- is considered, which was added as an unexplained liability, it had been analysed in a like manner, and relief was given concurrently. In these circumstances, no question of law arises. The appeal is accordingly dismissed.

**S. RAVINDRA BHAT, J**

**NAJMI WAZIRI, J**

**FEBRUARY 15, 2017/ajk**