

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'A': NEW DELHI**

**BEFORE
SHRI G.S. PANNU, HON'BLE VICE PRESIDENT
AND
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

**ITA No. 1955/Del/2023
(ASSESSMENT YEAR 2018-19)**

All Fresh Supply Management Pvt. Ltd. 815, Aggarwal Cyber Plaza-1, Netaji Subhash Place, New Delhi – 110 034 PAN AALCA5963E	Vs.	ACIT, Range-2, New Delhi
(Appellant)		(Respondent)

Assessee by	Shri Deepak Kataria, CA
Department by	Shri Kanv Bali, Sr. DR

Date of Hearing	29/02/2024
Date of Pronouncement	21/05/2024

ORDER

PER ANUBHAV SHARMA, JM:

The appeal is filed by the assessee against order dated 10.05.2023 of Learned Commissioner of Income Tax (Appeals)-23, New Delhi [hereinafter referred to as 'Ld. CIT(A)'] who has sustained the penalty imposed by Learned Assessing Officer under

section 271DA of the Income Tax Act, 1961 (hereinafter called “the Act”).

2. Heard and perused the records.

3. Appellant company, is engaged in the business of trading in fruits and dealing with small farmers as well as with small retailers/traders. The appellant company voluntarily reported the 3 parties cash transactions in Form 61A under clause cash receipt exceeding Rs. 2 lacs for sale of goods for the F.Y. 2017-18. It is claimed that these retailers/traders were not aware of the income tax provision and deposited the cash in appellant company bank account directly since they received cash only from retail customers after selling the fruits. On the basis of aforesaid transactions, Assessing Officer has issued the penalty notice regarding failure to comply with provision of section 269ST by the appellant company and later on the AO has passed the order u/s 271DA of the Act wherein penalty was imposed of Rs. 1,450,936/-, i.e. a sum equal to the amount of such receipts which is sustained by CIT(A).

4. Ld. AR has pointed out that the 3 parties (Ambrish, Paramdeep Khurana and B Kranthy Prabhat Reddy) have deposited cash directly in appellant company bank account Rs. 206,000/- Rs. 944,936/- Rs. 300,000/- respectively and appellant company came to know the transactions after cash deposited by the aforesaid parties. Ld. AR has submitted that thereafter, the appellant

company duly communicated to all parties and ensure that no cash deposited/acceptance from any vendor for more than 2 lakhs as per the new law enactment from financial year 2017-18. The aforesaid transactions were reported by appellant company on self-declaration basis through SFT transactions since the small retailers/traders were not aware about the new section 2695T which prohibits to accept cash more than Rs. 2 lakhs. All the aforesaid cash deposited directly in the bank account by such retailers/traders have been duly considered in books of accounts ie. in financial statement and moreover the appellant company is having huge losses. Further, it is submitted that the company is dealing in trading of agricultural produce like fruits which is one of the priority sectors for Indian economy.

5. We have taken into consideration the facts and circumstances and it comes up that the transaction is duly recorded in books of accounts of appellant company. Identity and confirmation of parties to the transaction is on record. No unaccounted money/tax evasion/malafide intention is involved in the transaction. The company is helping in improving farmer's incomes by way of providing them direct access to market for their fruits by purchasing and supplying the same to external market. It is a very young company started by first time entrepreneurs. Penalizing a bonafide mistake related to a new legislation will adversely affect the company which eventually may cause losses to large number of farmers with whom the company is dealing. These circumstances

constitutes a "reasonable cause" within the meaning of section 273B read with provision to Section 271DA of the Act.

6. The appeal is allowed. The impugned penalty is quashed.

Order pronounced in the Open Court on 21/05/2024.

sd/-

**(G.S. PANNU)
VICE PRESIDENT**

sd/-

**(ANUBHAV SHARMA)
JUDICIAL MEMBER**

Dated: 21/05/2024

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Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT NEW DELHI

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