

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
And
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

**ITA Nos.3097, 3098, 3099, 3100, 3101/Del/2026
[Assessment Years : 2014-15, 2015-16, 2016-17, 2018-19 & 2019-20]**

Naval Kishor Rajgarhia C-1/52, Rajasthali Aptt. Madhuban Chowk, Pitampura, New Delhi-34 PAN : AAVPR 4991 A	Vs	The ACIT Central Circle - 32 Delhi
(APPELLANT)		(RESPONDENT)

Assessee by	Shri Gaurav Jain, Adv. Shri Tarun Chanana, Adv.
Revenue by	Shri Rajesh Chandra, CIT(DR)

Date of Hearing	18.08.2026
Date of Pronouncement	18.08.2026

ORDER

PER NAVEEN CHANDRA [ACCOUNTANT MEMBER]:

The above-captioned five appeals are preferred by the assessee against the order dated 20.01.2026, passed by the Learned Commissioner of Income Tax (Appeals), Delhi-25 (hereinafter referred to as 'Id. CIT(A)') under Section 250 of the Income Tax Act, 1961 (hereinafter referred to as '*the Act*'), arising from the same assessment orders dated 31.03.2024 passed by the Assessing Officer, DCIT/ACIT, Central Circle-32, New Delhi (hereinafter

referred as 'the AO') under section 153C of the Act for the A.Y. 2014-15, 2015-16, 2016-17, 2018-19 and 2019-20; respectively.

2. Since the above captioned five appeals were heard together and the facts in issues are identical, both the appeals are being disposed of by this common order for the sake of convenience and brevity.

3. The grounds of appeal raised by the assessee in ITA Nos. 3097 to 3101/Del/2026 are identical *mutatis mutandis*, except for the change in figures. The grounds read as under:

1. *That the Commissioner of Income Tax (Appeals) ['CIT(A)'], vide order dated 20.01.2026 has erred both on facts and in law in not quashing the assessment order dated 31.03.2024 passed under Section 153C of the Income-tax Act, 1961 ('the Act') by the Assessing Officer ('AO') on the ground of being illegal, bad in law, without jurisdiction, barred by time limitation and not in accordance with the provision of the Act.*
2. *The notice issued under Section 153C of the Act and the consequent assessment proceedings are illegal, void ab initio, barred by time limitation and without jurisdiction, as the statutory preconditions for invoking Section 153C of the Act were not satisfied, rendering the proceedings bad in law and liable to be quashed.*
3. *That on the facts and circumstances of the case and in law, the CIT(A) erred in upholding the validity of proceedings initiated under section 153C of the Act, without appreciating that the AO had already issued a notice under section 148 on the very same issue. The subsequent initiation of proceedings under section 153C on the identical cause of action amounts to an impermissible assumption of jurisdiction and is therefore illegal, without authority of law and liable to be quashed.*
4. *That on the facts and in the circumstances of the case, the AO has erred in failing to record the requisite satisfaction as mandated under law, thereby rendering the impugned proceedings invalid, bad in law, and without jurisdiction.*
5. *That the approval granted under Section 153D of the Act for passing the assessment order under Section 153C is invalid, as it has been granted in a mechanical manner, without independent application of mind, rendering the assessment order bad in law.*
6. *That on the facts and in law, the AO/CIT(A) failed to appreciate that, in the absence of incriminating material found during the search, the*

interference with a completed assessment and additions under Section 153C of the Act are unsustainable and without jurisdiction.

7. *That on the facts and circumstances of the case and in law, the CIT(A) has erred in upholding the total income of the Appellant at Rs. 14,04,330/- as against the returned income of Rs. 3,40,930/-.*
8. *That on the facts and in the circumstances of the case and in law, the CIT(A) has erred in upholding the addition of Rs. 9,45,000/- made by the AO under Section 69A of the Act as unexplained money, on the alleged ground of cash receipt by the Appellant and by treating the same as an accommodation entry, without appreciating that no such cash was in fact received by the Appellant.*
9. *That on the facts and in the circumstances of the case and in law, the CIT(A) has erred in upholding the addition of Rs. 28,350/- made by the AO under Section 69C of the Act on the alleged account of commission expenditure at 3% purportedly paid by the Appellant on the aforesaid addition of Rs. 9,45,000/-, without appreciating that the Appellant had not undertaken any such transaction.*
10. *That on the facts and in the circumstances of the case and in law, the CIT(A) has erred in invoking the provisions of Section 150(1) of the Act by directing the AO to protect the interest of revenue by exploring the possibility or feasibility of taking remedial action to tax alleged escaped income arising from accommodation entry transactions, contingent upon the non-survival of assessments in the relevant years, which is arbitrary, beyond jurisdiction, and bad in law.*
11. *That on the facts and circumstances of the case and in law, the AO has erred in wrongly invoking the provisions of Section 115BBE of the Act.*
12. *That the documents and the material available on record have not been properly considered and judicially interpreted and have been wrongly ignored.*
13. *On the facts and circumstances of the case and in law, the AO has erred in charging the interest under Section 234A/234B/234C/234D of the Act.*
14. *On the facts and circumstances of the case and in law, the AO has erred in initiating the penalty proceedings against the Appellant under Section 271(1)(c) of the Act.”*

4. Brief facts of the case are that the assessee is engaged in the business of trading in Timber under the name & style of 'M/s Rama Krishna Timber' which is a proprietary firm besides the assessee engaged in the business of commodity speculation trading. The assessee had filed his Return of Income for the A.Y 2014-15 u/s 139 declaring taxable Total Income of Rs.4,30,980/- on 30.06.2014. A search & seizure operation u/s 132(1) of the Act on

18.10.2019 was carried out on Alankit Group. During the search action various documents in the form of tally data were seized and statement of various persons were recorded. The assessee has received a notice dated 28.06.2021 issued u/s 148 of the Act under the un-amended provision of section 148. In compliance of the same, the assessee has filed his ITR u/s 148 of the Act on 01.07.2021 declaring income of Rs.4,30,980/- as declared in the original ITR. The assessee was subsequently issued notice under section 153C dated 10.11.2022 on the basis of satisfaction note recorded by the AO of the non-searched person. Thereafter, the Ld AO passed order dated 31.03.2024 u/s 153C whereby he made addition of Rs.9,45,000/-u/s 69A and of Rs.28,350/- u/s 69C of the Act and assessed the income at Rs.14,04,330/-.

5. Aggrieved, assessee was in appeal before the ld. CIT(A) who upheld the AO' order. Aggrieved, assessee is now in appeal before us.

6. Before us, learned Counsel for the assessee vehemently questioned the validity of satisfaction note u/s 153C. Per contra, the ld DR relied on AO/CIT(A).

7. We have heard the rival submissions and perused the material available on record. To adjudicate the issue at hand, it would be relevant to reproduce the satisfaction Note dated 10.11.2022 recorded by the AO of the assessee, as under:

File No. AY-2014-15

ENCH - "

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Satisfaction note for initiating proceedings u/s 153C of the Income Tax Act, 1961 in the case of NAVAL KISHORE RAJGARHIA (PAN: AAVPR4991A)

1. A search and seizure operation was carried out in the Alankit Group of cases on 18.10.2019 subsequently the said group was centralized to the jurisdiction of the Central Circle-28, New Delhi. Accordingly, during the course of assessment proceedings u/s 153A of Alankit Group, material/documents related to case of Naval Kishore Rajgarhia have been found. Further the case has been transferred to undersigned for further necessary action and re-opening of case of assessee u/s 153C for A.Y. 2014-15 to 2020-21.

2. During the course of search ledgers have been obtained from laptop of Sh. Sunil Kumar Gupta found and seized from the residence of Sh. Sunil Kumar Gupta, at 3584/4, Narang Colony, Gali No. 4 Tri Nager Delhi (Path: F:\SKGR A-32\SUNIL KUMAR GUPTA HPLAPTOP\EXTRACTED DATA\Tally\[root].\LocalDisk\ANARKAL\BACKUP\DATA24\DATA24).

3. The transactions entered into by various beneficiaries, against unaccounted cash or otherwise to take accommodation entries, are as tabulated below:

Name of Ledger	F.Y.	Sum of Unaccounted Cash received from Sh. Alok K Agarwal	Sum of Unaccounted Cash payments made to Sh. Alok K Agarwal
NAVAL KISHORE RAJGARHIA	2013-14	9,45,000	
	2014-15	4,64,250	10,47,260
	2015-16	17,08,978	36,00,000
	2017-18	59,260	55,14,324
	2018-19	5,21,767	84,03,450

Name of Beneficiary	F.Y.	Particulars of transaction as per ledger	Sum of amount debited in ledger	Sum of amount credited in ledger
NAVAL KISHORE RAJGARHIA	2018-19	AIL NMCEIL-HDFC BANK 9788	23,43,636	1,00,000

4. The assessment proceedings are required to be taken u/s 153C of the Income Tax Act, 1961 as the warrant issued in the name of Sh. Alok Kumar Aggarwal, Sh. Ankit Aggarwal, M/s Alankit Ltd. and M/s Alankit Assignment.

5. In view of the above, I am satisfied that the documents belonging to Naval Kishore Rajgarhia (PAN AAVRP4991A) i.e. the case belongs to a person other than person searched. Therefore, this is a fit case to initiate proceedings u/s 153C of the Income tax Act, 1961 for A.Y. 2014-15 to 2020-21.

Dated: 10/11/2022

Place: Churu

(Mukesh Kumar Sharma)
Income-tax Officer
Ward-1, Churu

Certified True Copy

8. From the reading of the above satisfaction note dated 10.11.2022, as recorded by the AO of the assessee, the non-searched person, we find that the AO has not recorded that the seized material found during the course of search, have a bearing on determination of the total income of the assessee, as statutorily mandated in the provisions of section 153C of the Act. Consequently, we apply the decision of Hon'ble Delhi High Court in the case of **Saksham Commodities Ltd. v. ITO (2024) 464 ITR 1/ 338 CTR 418/161 taxmann.com 485 (Delhi)**, which held as under:

*“48.*****However, the spectre of abatement insofar as the "other person" is concerned would arise only after the jurisdictional AO has formed the requisite satisfaction of the material having "a bearing on the determination of the total income of such other person" and having formed the opinion that proceedings under [Section 153C](#) are liable to be initiated.*

50. What we seek to emphasise is that merely because [Section 153C](#) confers jurisdiction upon the AO to commence an exercise of assessment or reassessment for the block of years which are mentioned in that provision, the same alone would not be sufficient to justify steps in that direction being taken, unless the incriminating material so found is likely to have an impact on the total income of a particular AY forming part of the six AYs' immediately preceding the AY pertaining to the search year or for the "relevant assessment year".

In such facts and circumstances therefore, we hold that the satisfaction note is invalid which vitiates the assumption of jurisdiction u/s 153C of the Act. Consequently, the notice u/s 153C as well as order under section 153C is not sustainable in law. We, accordingly, quash the order under section 153C of the Act for both the years. The appeals are allowed in aforesaid terms.

9. In the result, all the five appeals filed by the assessee in ITA Nos.3097, 3098, 3099, 3100 and 3101/Del/2026 are allowed.

Order pronounced in the open court on 18.08.2026.

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 21.08.2026

Priti Yadav, Sr. PS

Sd/-
(NAVEEN CHANDRA)
ACCOUNTANT MEMBER

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi