

**IN THE INCOME TAX APPELLATE TRIBUNAL  
"A" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT  
MS. SUCHITRA R. KAMBLE, JUDICIAL MEMBER**

I.T.A. No. 2003/Ahd/2025  
(Assessment Year: 2016-17)

Income-Tax Officer, Ward-1(2)(1), Ahmedabad	Vs.	Amrat Mali, 1391/1, Phulpura, Bardolpura, Ahmedabad-380004 [PAN : ANVPM 7506 M]
<b>(Appellant)</b>	..	<b>(Respondent)</b>
<b>Assessee represented by :</b>	Shri Prashant Srivastav, CA	
<b>Revenue represented by:</b>	Shri Veerabadram Visalavath, Sr DR	
<b>Date of Hearing</b>	25.03.2026	
<b>Date of Pronouncement</b>	17.06.2026	

**ORDER**

**PER DR. B.R.R. KUMAR, VICE-PRESIDENT :**

This appeal has been filed by the Revenue against the order passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as "CIT(A)" for short), dated 12.09.2025, under Section 250 of the Income-tax Act, 1961 [hereinafter referred to as "the Act" for short], for Assessment Year (AY) 2016-17.

2. The Revenue has raised the following grounds:-

*"1. "Whether on facts and circumstances and in law, the Ld. CIT(A) has erred in deleting addition of Rs.26,08,000/- u/s. 68 being accommodation entry in the form of bogus LTCG in lieu of cash, without appreciating the facts of the case?"*

*2. "Whether on the facts and in the circumstances of the case and in law, the ld. CIT(A) has erred in ignoring the fact that the assessee has obtained accommodation entry of bogus LTCG amounting to Rs. 19,14,000/- and Rs.6,94,000/- through the transaction with M/s Pranatpal Tradelink Pvt. Ltd*

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*and Suramya Tradelink Pvt. Ltd. respectively during the F.Y. 2015-16 which were controlled and managed by Jignesh Shah & Sanjay Shah of Ahmedabad, who do not carry genuine business activities?"*

3. The brief facts of the case are that the assessee had originally filed the return of income declaring total income of Rs.3,73,310/-. Subsequently, on the basis of information received from the Investigation Wing pursuant to a search conducted u/s 132 of the Act in the cases of Shri Jignesh Shah and Shri Sanjay Shah, Ahmedabad, the Assessing Officer formed a belief that income chargeable to tax had escaped assessment. According to the information received, the assessee was identified as a beneficiary of accommodation entries amounting to Rs.26,08,000/- allegedly routed through M/s Pranatpal Tradelink Pvt. Ltd. and M/s Suramya Tradelink Pvt. Ltd. During reassessment proceedings, the Assessing Officer called upon the assessee to explain the nature and source of the impugned transactions. According to the Assessing Officer, the assessee failed to furnish the requisite details and, therefore, the reassessment was completed *ex parte* under section 144 r.w.s. 147 of the Act. Relying primarily upon the information received from the Investigation Wing, the Assessing Officer treated the amount of Rs.26,08,000/- as unexplained cash credit u/s 68 of the Act and added the same to the income of the assessee.

4. Aggrieved by the order of the Assessing Officer, the assessee carried the matter in appeal before the Ld. CIT(A), who, after considering the material available on record, deleted the impugned addition.

5. Aggrieved by the order of the Ld. CIT(A), the Revenue is now in appeal before the Tribunal.

6. Before us, the Ld. DR relied upon the assessment order and submitted that the Assessing Officer had acted on specific information emanating from a search

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action wherein it was found that the concerns controlled by Shri Jignesh Shah and Shri Sanjay Shah were engaged in providing accommodation entries. It was contended that the assessee was identified as a beneficiary of such accommodation entries and, therefore, the Ld. (A) was not justified in deleting the addition.

7. The Ld. AR supported the order of the Ld. CIT(A) and submitted that the addition u/s 68 of the Act was made solely on the basis of information received from the Investigation Wing without any independent enquiry or corroborative material. The Ld. AR also submitted that no evidence was brought on record by the Assessing Officer to establish that the assessee had received any accommodation entry or that the impugned amount represented his undisclosed income. The Ld. AR thus submitted that the Ld. CIT(A), after appreciating the facts and material available on record, has rightly deleted the addition and, therefore, no interference is called for in the impugned order.

8. We have heard the rival contentions and perused the material available on record. We find that the addition has been made solely on the basis of information received from the Investigation Wing and the alleged involvement of certain third parties in providing accommodation entries. In this regard, it is pertinent to note the observations of the Ld. CIT(A), which is as under:-

*"I have considered the appellant's submissions and the facts of the case. The appellant submitted response on 31.07.2025. The appellants contended that the Companies alleged in the order of AO are unlisted companies. Appellant had also submitted details of his capital gains from which it is seen that no transactions are there with these two companies. Appellant's business income has been declared u/s 44AD at 8 percent of Rs.4600217/-. There are also no debtors or creditors. The details of share transactions of appellant are as under:*

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State of Short Term Capital Gain

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STATEMENT OF SHORT TERM CAPITAL GAIN							
Sr. No.	Particulars	Qty./Unit	Purchase Date	Sale Date	Sale Value	Purchase Cost	S.T.C.G.
<b>Securities Liabale to STT, Taxed @15%</b>							
1.	ALJEM LABORATORIES LIMITED	14	01/04/15	31/03/16	19302	14700	4602
2.	APOLLO TYRES	400	01/04/15	31/03/16	63310	62476	634
3.	ATUL LIMITED	50	01/04/15	31/03/16	65452	63789	1663
4.	BANK OF BARODA	500	01/04/15	31/03/16	85841	87530	2311
5.	BANK OF INDIA	300	01/04/15	31/03/16	43004	40432	572
6.	BHEL	300	01/04/15	31/03/16	62310	60439	871
7.	CANTIA HEALTH CARE LIMITED	750	01/04/15	31/03/16	240791	241324	-533
8.	CANLINEFINE SCIENCES LIMITED	100	01/04/15	31/03/16	10647	10948	-301
9.	CENTURY TEXTILELTD	175	01/04/15	31/03/16	85234	91930	-6696
10.	COFFEE DAY ENTERPRISE LIMITED	60	01/04/15	31/03/16	17208	18912	-1704
11.	PALMOTIVE INDIA LTD	100	01/04/15	31/03/16	86013	85543	470
12.	FEDERAL BANK LIMITED	2752	01/04/15	31/03/16	142508	141181	1327
13.	TVS BROADCAST LIMITED	700	01/04/15	31/03/16	22545	23077	-532
14.	RAVELLS INDIA LTD	2503	01/04/15	31/03/16	74449	73091	1358
15.	HINDALCO INDUSTRIES LIMITED	3421	01/04/15	31/03/16	270685	294754	-24069
16.	IDEA CELLULARLIMITED	1000	01/04/15	31/03/16	108552	106988	1564
17.	INTERGLOBE AVIATION LIMITED	15	01/04/15	31/03/16	13812	11475	2337
18.	INDOS IND BANK	150	01/04/15	31/03/16	140586	139143	843
19.	INGOSYS LIMITED	775	01/04/15	31/03/16	812090	809665	2425
20.	JK TYRE INDUSTRIES	100	01/04/15	31/03/16	11249	10968	281
21.	JUBILANT FOODWORKS LIMITED	50	01/04/15	31/03/16	68153	67266	887
22.	LAT FINANCE HOLDING LIMITED	400	01/04/15	31/03/16	23243	22970	273
23.	DR. LALBACH LASS LIMITED	20	01/04/15	31/03/16	14931	16700	4231
24.	LARSEN & TOUBRO LIMITED	100	01/04/15	31/03/16	136350	136625	-275
25.	NRFL	500	01/04/15	31/03/16	39195	40007	-812
26.	MAHUTI SUZUKI INDIA LIMITED	100	01/04/15	31/03/16	366258	379075	-12817
27.	NAVVAR CORPORATIONLIMITED	255	01/04/15	31/03/16	41843	40783	1060
28.	RELIANCE COMMUNICATIONS LTD	400	01/04/15	31/03/16	22450	22226	224
29.	SARSHAV INFRASTRUCTURE PROJECT LIMITED	145	01/04/15	31/03/16	14519	14935	-356
30.	SHARAT FINANCIAL INCLUSION LIMITED.	50	01/04/15	31/03/16	22590	22841	-251
31.	STATE BANK OF INDIA	1850	01/04/15	31/03/16	402634	411572	-8938
32.	SYNGENE INTERNATIONAL LIMITED	60	01/04/15	31/03/16	18020	15000	3020
33.	TATA MOTORS	1447	01/04/15	31/03/16	409681	424439	-14758
34.	AXIS BANK LIMITED	400	01/04/15	31/03/16	188904	187551	1353
35.	WALCHAND NAGAR	100	01/04/15	31/03/16	18659	18524	135
36.	MONTE CARLO FASHIONS LTD	22	01/04/15	31/03/16	11273	11447	-174
TOTAL					4175351	4215126	-39775

Computation of income

COMPUTATION OF INCOME			
	Rs.	Rs.	Rs.
Sundry Debtors	NIL	Gross Receipts	4600217
Sundry Creditors	NIL	Gross Profit	690033
Stock-In-Trade	NIL	Expenses	322015
Cash Balance	156200	Net Profit	368018
<b>PROFIT &amp; GAINS OF BUSINESS or PROFESSION</b>			
Profit & Gains of Business u/s 44AD		368018	368018
<b>INCOME FROM SHORT TERM CAPITAL GAIN</b>			
Sale of Securities Liabale to STT (Taxed @15%) As per List Enclosed		4175351	
Less: (Cost of Acquisition etc.) Cost of Acquisition		(-)4215126	(-)39775
<b>INCOME FROM OTHER SOURCES</b>			
<b>INCOME FROM INTEREST</b>			
Other Interest Income		18740	
Interest Income			18740
<b>SUMMARY OF TOTAL INCOME</b>			
Profits & Gains of Business or Profession Own Business or Profession			368018
Capital Gains Short term Capital Gains: Taxed @15%		(-)39775	
			NIL

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	Rs.	Rs.	Rs.	Rs.	Rs.
Income from Other Sources			18740		18740
Income from Interests					
<b>GROSS TOTAL INCOME</b>					366758
<b>Less: Deductions under chapter VI-A</b>					
Deduction u/s 80-C					
School/College Tuition Fee paid for Child	5900				
VAIDENI	5900				
Life Insurance Premium (LIP)	7545				
Allowable Deduction u/s 80-C			13445		
<b>Total Deductions under chapter VI-A</b>					(-)13445
<b>NET TOTAL INCOME</b>					373313
<b>ROUNDED OFF</b>					373310

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*I find that the AO had only based his conclusions on the information received and the non-compliance of Appellant. Appellant had stated that the information was provided on 16.03.2022. In this regard, I find that the assessment order was passed on 22.03.2022.*

*I find that AO had not done any independent enquiry or bank verifications regarding the amount alleged to have been received by the assessee. The basis of the reopening was that the accommodation entry operators did synchronised transactions in exchange and provided bogus LTCCG. However, in the case of appellant there is a loss declared under Capital Gains. No capital gains or losses were seen with the companies which were unlisted. The appellant during assessment had denied the transactions. Appellant stated*

*“ Your goodself has alleged that as per information available on record, during F.Y2015-16 relevant to A.Y 2016-17, I have taken accommodation entries of Rs.26,08,000/- from the firms controlled by Jignesh Shah and Sanjay Shah. In regards to the above I humbly request your goodself to provide me with the breakup / details of Rs. 26,08,000/- as well as the name of the parties from whom the amounts have been taken. Since the requested information will enable myself to furnish appropriate required details, for the kind consideration of your goodself. Since I have not dealt with Jignesh Shah or Sanjay Shah, I am unable to identify the single amount and parties mentioned in the notice from my books of account.”*

*Therefore, in response to the last line of the submission, AO had the onus to provide further details of credit into appellant's account.*

*Addition u/s 68 on the basis of information from investigation wing without corroborative evidence and linkage of the assessee with the alleged accommodation entry will fall in the domain of suspicion only. Suspicion alone without there being evidence specific to a transaction cannot become the basis for creating charge for levying tax as each transaction has to be independently inquired into. Suspicion howsoever strong cannot take the character of evidence. Reliance is placed on the decision in...*

*Dhakeswari Cotton Mills Ltd. v. CIT [1954] 26 ITR 775 (SC),  
Lalchand Bhagat Ambica Ram v. CIT [1959] 37 ITR 288 (SC),  
CIT v. East Coast Commercial Co. Ltd. [1967] 63 ITR 449 (SC),  
CIT v. Daulatram Rawatmull [1964] 53 ITR 574 (SC); and  
Umacharan Shaw & Bros. v. CIT [1959] 37 ITR 271 (SC);*

*In the above decisions, it was held that suspicion cannot be treated as evidence. The AO had not done independent enquiry to trace the trail of funds*

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*linking the accommodation entry operator to the assessee. In view of the circumstances of the case, the addition of Rs.2608000/- is deleted."*

8.1 From the aforesaid findings, it is evident that the Ld. CIT(A) has examined the material available on record and recorded a categorical finding that the Assessing Officer had proceeded solely on the basis of information received from the Investigation Wing without carrying out any independent enquiry or bringing any corroborative material on record to establish that the impugned amount represented unexplained income of the assessee. The Ld. CIT(A) has further noted that the assessee had specifically denied having any transaction with the concerns. We further note that the Revenue has not placed any material before us to controvert the factual findings recorded by the Ld. CIT(A). No evidence has been brought on record demonstrating any direct nexus between the assessee and the alleged accommodation entry providers. In the absence of any independent enquiry or corroborative evidence linking the assessee with the impugned transactions, the addition made u/s 68 of the Act cannot be sustained merely on the basis of information received from the Investigation Wing.

8.2 The Assessing Officer held that *"As per departmental information, it is evident that the assessee had taken accommodation entry of bogus LTCC amounting to Rs. 19,14,000/- and 6,94,000/- through the transaction with M/s. Pranatpal Tradelink Pvt. Ltd. and Suramya Tradelink Pvt. Ltd. respectively during the F.Y.2015-16. The information was gathered through a search operation conducted on 11.09.2018 in the case of Jignesh Shah & Sanjay Shah, Ahmedabad. It was found during investigation that both Jignesh Shah and Sanjay Shah were managing and controlling multiple companies and concerns which are not carrying out any genuine business activity. The above mentioned companies were also in the list. These concerns/companies are involved into activity of providing accommodation entries through Jignesh Shah and Sanjay Shah. While giving*

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*statement they are admitted the fact. Beneficiaries had been identified by analysis of data found during investigation and perusal of such data revealed that the assessee was one of such beneficiary who had taken accommodation entry.”*

We find that the assessee has not claimed any LTCG as exempt in the return of income, rather it was a Short Term Capital Loss of Rs. 39,775/-. Since there were no evidences on record to prove that assessee had received bogus LTCG of Rs.19,14,000/- and Rs.6,94,000/- as alleged in the assessment order mentioned above, we do not find any infirmity in the order of the Ld. CIT(A) deleting the addition of Rs.26,08,000/-. Accordingly, the grounds raised by the Revenue are dismissed.

9. In the result, the appeal filed by the Revenue is dismissed.

**Order pronounced in the open Court on 17.06.2026**

**Sd/-**

**(SUCHITRA R. KAMBLE)  
JUDICIAL MEMBER**

Ahmedabad; Dated 17/06/2026

*\*\*btk*

**Sd/-**

**(DR. B.R.R. KUMAR)  
VICE-PRESIDENT**

**आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

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