

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

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER**

ITA No. 426/Ahd/2026
(Assessment Year: 2019-20)

Prasana Jayantkumar Bhatt, Plot No. 50/B, B/h. Law College, Vidhyanagar, Bhavnagar-364001 [PAN : AGJPB 7798 K]	Vs.	Dy. Commissioner of Income-tax, Circle 1, Bhavnagar
(Appellant)	..	(Respondent)
Appellant represented by :	Shri Ashish B. Kanabar & Shri Om Kanabar, ARs	
Respondent represented by:	Shri Aroon Kumar, CIT-DR	
Date of Hearing	25.06.2026	
Date of Pronouncement	06.07.2026	

ORDER

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

Delay condoned.

This appeal has been filed by the assessee against the order dated 27.11.2025 passed by the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as 'Ld. CIT (A)' in short), under Section 250 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act' in short) for Assessment Year 2019-20.

2. The assessee has raised following grounds of appeal:-

"1. The Ld. CIT(A) erred in law and on facts by upholding the order of Ld. AO for disallowance of donation u/s 80GGC of Rs.12,00,000/-.

2. The Ld. CIT(A) erred in law and on facts by sustaining the additions of Rs.12,00,000/- without proving the appellant's direct or indirect involvement in the alleged arrangements.

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3. The order of CIT(A) is solely based on the circumstantial evidences without any incriminating or corroborative evidence making it legally unsustainable.

4. The judgements cited by the Ld. CIT(A) in his appeal order does not have direct relevance in the present matter.”

3. The brief facts of the case are that the assessee, a salaried employee, derived income under the head “salaries” during the year under consideration and filed his return of income u/s 139(1) of the Act on 28.08.2019, declaring a total income at Rs.56,79,530/-, after claiming deduction of Rs.12,00,000/- u/s 80GGC of the Act in respect of a donation made to the political party, Rashtriya Samajwadi Party (Secular). The said claim of deduction was disallowed by the Assessing Officer, who added the amount of Rs.12,00,000/- to the total income of the assessee, and the disallowance was subsequently confirmed by the Ld. CIT(A).

4. Aggrieved by the order of the Ld. CIT(A), the assessee has filed an appeal before the Tribunal.

5. Before us, the Ld. AR, Shri Ashish B. Kanabar, argued that the assessee has taken due care and confirmed that the political party has been duly registered u/s 29A of the Representation of People Act, 1951, and hence under the *bona fide* belief that the political party was genuine and hence made the donation. The Ld. Counsel for the assessee argued that the assessee has complied with all the provisions of the Act to make the donation and consequently claimed deduction u/s 80GGC of the Act. With regard to the allegation of the assessee that the amount has been received back by the assessee, the Ld. Counsel has submitted that there was no direct connection to prove the allegation made by the Revenue. The Ld. Counsel strongly relied upon the judgment in the case of CIT Vs. Orissa Corporation (P) Ltd. 1986 AIR 1849, wherein the details of the creditors have been submitted to the Revenue and the

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assessee stands discharged the primary onus and shifting of the burden is on the Revenue to prove that such creditors are not genuine. The Ld. AR strongly argued that the Revenue Authorities failed to appreciate the settled legal position that the bona fide donor cannot be punished as there was no wrongdoing on the part of the assessee, but if at all there was wrongdoing on the part of the recipient for which the donor cannot be held to be responsible. The Ld. AR relied upon the judgments of the Tribunal namely (i) Ashish Dubey Vs. ACIT [ITA No. 222/Del/2020] and Nihil Nitinbhai Bhuptani Vs. ITO [ITA No. 479/Rjt/2025] in this regard. The Ld. AR further relied on the judgment in the case of CIT Vs. Divine Leasing & Finance Ltd, 207 CTR 38 (Del), on the ground that the burden of proof once discharged, the assessee cannot be held responsible and the Assessing Officer has to bring something more on the record by the way of investigations conducted. The Ld. AR further relied on the judgement of the ITAT Jodhpur Bench in the case of Mukesh Somani Vs. ITO [ITA No. 1140/Jodh/2025] and also Ahmedabad Bench of the Tribunal in the case of Vitthaldas Nathubhai Shah Vs. PCIT [ITA No. 823/Ahd/2025], wherein the Tribunal passed an order against the order passed by the PCIT u/s 263 of the Act and held that once the onus is discharged by the assessee, no action can be taken against him. The Ld. AR strongly supported the judgment of the Hon'ble Apex Court in the case of K.P. Varghese Vs. ITO, 131 ITR 597 (SC), wherein it was argued that the matter stands settled by law that the onus of establishing that the conditions of taxability are fulfilled; it is always for the Revenue to prove it otherwise.

6. On the other hand, Ld. DR, objected to the case laws quoted by the Ld. AR and argued that the investigations conducted by the Revenue and subsequent cancellation of the registration by the Ld. CIT(E) with regard to the political parties involved in receiving the donations and paying back to the donors. He also submitted that the case relied upon by the Ld. AR in the case of Vitthaldas Nathubhai Shah and other cases are totally distinguishable on facts, particularly

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in the case of Vithaldas Nathubhai Shah which pertains to 263 order. The Ld. DR also contended that there is no direct relevance of the orders and once it is proved by the Revenue that the political party in question has given the monies back to the assessee, the issue cannot be revisited.

7. Rebutting the arguments of the Ld. DR, the Ld. Counsel for the assessee argued that the assessee has made donation in FY 2018-19 under a bona-fide belief and the fact that the donee political party has contested election in 2019 proves the genuine/bona-fide of the donor – assessee. He further argued that the assessee had not received any communication regarding the return of the donated amount from the said political party and that he cannot be expected to prove a negative fact, namely, that he had not received the money back. In support of this proposition, he relied on the judgment in K.P. Varghese (supra).

8. We have heard the rival contentions and perused the material available on record.

8.1 The principal contention of the Ld. AR is that the assessee had discharged the initial burden by producing the payment through banking channel, the registration of the political party under Section 29A of the Representation of the People Act and the receipt issued by the political party and therefore no adverse inference could be drawn in the absence of direct evidence establishing return of money to the assessee. We are unable to accept the aforesaid contention. It is a settled proposition that the burden initially lies upon the assessee to establish that all the statutory conditions prescribed under section 80GGC are satisfied. Mere proof of payment through banking channels or production of donation receipts cannot by itself establish the genuineness of the transaction when subsequent investigation reveals that the recipient political party itself was merely acting as a conduit for providing accommodation entries. The deduction contemplated u/s 80GGC is available only in respect of a genuine voluntary contribution made to a genuine political activity and not where the apparent transaction is found to be part of a pre-arranged designing device.

8.2 The Revenue has not proceeded merely on suspicion or conjecture. The record demonstrates that extensive investigation was carried out, including search proceedings u/s 132 of the Act, examination of bank accounts, statements recorded under Section 132(4) from the office bearers of the political party, tracing of fund movement through intermediary shell entities and subsequent findings regarding the *modus operandi* adopted by the political party. The investigation further revealed that immediately after receipt of donations, funds were layered through various shell concerns before being converted into cash. Such evidence constitutes a complete chain of surrounding circumstances pointing towards the accommodation entry mechanism.

8.3 The contention of the Ld. AR that there is no direct evidence showing receipt of cash by the assessee also does not merit acceptance. In matters involving tax evasion and accommodation entries, direct evidence is rarely available. The Courts have consistently recognised that taxing authorities are entitled to examine the surrounding circumstances, human probabilities and the test of preponderance of probabilities while determining the real nature of a transaction. Once the Revenue establishes, on the basis of cogent material, that the recipient itself was engaged in systematic accommodation entry operations and that the assessee's transaction forms part of such chain, the burden shifts upon the assessee to rebut the same with credible evidence. In the present case, except relying upon payment through banking channels and donation receipts, no material has been produced to dislodge the findings emerging from the investigation.

8.4 The plea that the assessee acted under a *bona fide* belief because the political party was registered under Section 29A of the Representation of the People Act is equally unconvincing. Registration under the Representation of the People Act merely entitles a political party to function as a recognised legal

entity. Such registration cannot validate transactions subsequently found to be sham or confer immunity upon claims made under the Income-tax Act where the underlying transaction itself is found to be non-genuine. Eligibility under Section 80GGC depends upon the genuineness of the contribution and not merely upon the legal existence of the recipient.

8.5 The reliance placed upon the judgment of the Hon'ble Supreme Court in the case of CIT vs. Orissa Corporation (P.) Ltd. is misplaced. The said decision was rendered in the context of Section 68 where the assessee had furnished complete particulars of the creditors and the Revenue failed to undertake further enquiry. In the present case, the Revenue has conducted extensive investigation, traced the movement of funds, recorded statements under Section 132(4) and unearthed the accommodation entry mechanism. Therefore, the factual foundation of the present case is entirely different.

8.6 Similarly, the decision of the Hon'ble Delhi High Court in CIT vs. Divine Leasing & Finance Ltd. (supra) also arose in the context of unexplained share capital under Section 68. That judgment proceeds on the principle that once the identity of shareholders is established, further investigation is required before making an addition. In the instant case, identity of the political party is not the issue. The dispute concerns the genuineness and substance of the transaction itself, which has been disproved by detailed investigation. Hence, the ratio of the said judgment has no application.

8.7 The reliance placed upon in the case of K.P. Varghese vs. ITO (supra) is equally misconceived. There is no disagreement with the proposition that the burden lies upon the Revenue to establish facts justifying an addition. However, in the present case, such burden has been duly discharged by placing on record investigation reports, bank trail analysis, search material and statements of persons controlling the political party admitting the accommodation entry

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operation. Once such evidence was brought on record, the burden shifted upon the assessee to rebut the same by cogent material, which has not been done.

8.8 The decisions relied upon in Ashish Dubey, Nihil Nitinbhai Bhuptani, Mukesh Somani and Vitthaldas Nathubhai Shah are distinguishable on facts. In particular, the decision in Vitthaldas Nathubhai Shah arose in proceedings under Section 263 where the Tribunal examined the scope of revisional jurisdiction and not the allowability of deduction under Section 80GGC after appreciation of investigation material. Likewise, the other decisions were rendered on their own factual matrix where either the investigation material presently available was absent or the Tribunal was dealing with different issues.

8.9. The further argument that the Revenue has failed to establish direct receipt of money by the assessee also deserves rejection. Tax adjudication proceeds on appreciation of evidence as a whole and not on isolated facts. Where the surrounding circumstances, banking trail, statements recorded during search and conduct of the parties collectively establish the accommodation entry mechanism, insistence upon direct evidence of cash delivery would defeat the very purpose of investigation into clandestine transactions. The cumulative circumstances are sufficient to conclude, on the touchstone of preponderance of probabilities, that the impugned donation was not a genuine voluntary contribution qualifying for deduction under Section 80GGC of the Act.

8.10 Even otherwise also, on careful consideration of the grounds of appeal, it is noted that the identical issue was considered by Co-ordinate Bench of this Tribunal in **ITA No. 1017/Ahd/2023 vide order dated 30.04.2025** on donation made to political parties u/s. 80GGC of the Act wherein it was held as follows:

"4. Aggrieved against the assessment order, assessee filed an appeal before Ld. CIT(A). After considering the Tribunal's decision, confirmed the disallowance made by the Assessing Officer by observing as follows:

"While adjudicating the instant case by the undersigned, the eye-opening facts came in notice in the case of Pavan Anil Bakeri vs. Deputy Commissioner of Income-tax adjudicated by the Hon'ble ITAT, Ahmedabad Bench which changed the course of the case to a whole new direction In the above case the Hon'ble ITAT held that where assessee made donation to a political party and claimed deduction under section 80GGC, since Assessing Officer found that bank accounts of above political party had been used by accommodation entry provider where donation received by cheques were layered through various bank accounts and ultimately cash was returned back, donation claimed under section 80GGC was merely accommodation entry and thus, disallowance of deduction under section 80GGC was proper. The sequence of events in the above case are "The assessee paid donation of Rs 52,00,000/- to Rashtriya Samajwadi Party (Secular) To verify the genuineness and utilization purpose of the donation, a notice u/s 133(6) was issued on 5-10-2018 to Rashtriya Samajwadi Party (RSP) There was no representation from RSP Therefore another opportunity was granted vide letter dated 16-10-2018 Again there was no response from RSP. Therefore a summon u/s 131(1) of the Act was issued to Shri S.N. Chaturvedi, National President, RSP to attend the office on 19-11-2018 to produce the requisite the donation details. No one attended the office of the said date of hearing.

21 RSP is a political party registered with Election Commission of India. The Assessing Officer called for the bank details of RSP with Oriental Bank of Commerce, New Naroda Branch. From the perusal of the bank statement, it was observed there was a credit entry of Rs. 52,00,000/- on 07-10-2015 which is donation given by the assessee and there was two debit entries amounting to Rs. 27,00,000/- and Rs 25,00,000/- respectively on the same day On further enquiry from the Oriental Bank of Commerce the amount of Rs. 27,00,000/- credited to Sterlite Inc and Rs 25,00,000/- credited to Shah And Co. on 7-10-2015.

2.2. On examination of the RSP bank statement, it was found that it is a general practice of crediting huge cash and subsequently transferring to another party on same day. Further analysis of the transaction particulars reveals that the cash was transferred to mainly four parties namely Guru Enterprise, Unique Trading, Mahavaisnavi and KK Indersriz. It was also observed that no cash withdrawal for expenses like rent, electricity, water, newspaper, fuel etc of RSP and is not reflecting in the bank account. There is an Inspector of Income-tax was deputed to visit the premises of RSP at UG-8. Harekrishna Complex, C.TM Char Rasta, Amraiwadi, Ahmedabad-380026 on 15-11-2018 The Inspector submitted his report that RSP office situated on 2nd Floor of 3 storey building which is a small shop and shutter of which was half closed on that day. Nearby peoples were inquired that RSP Office which is found to be closed in most of the times. Copy of the said RSP Office photographs is reproduced in the assessment order.

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Further perusal of the records of RSP it is observed that during the assessment year 2016-17, RSP has received only donation amounting to Rs. 14,73,309/- whereas as per the bank account statement of the RSP in Oriental Bank of Commerce, total amount credited is Rs. 38,15,03,885/- That apart from RSP is maintaining two other bank account one at Bank of India and another of Central Bank of India. Further enquiry of Mis. Sterlite Inc and Shah And Co both the accounts were closed on 30-3-2016. An enquiry by the Bank both the proprietorship firms, where there is no stocks found and the office premises were being occupied by another person.

2.3 On further verification the donation amount of Rs. 52,00,000/-paid by the assessee to RSP was transferred to Waheguru Enterprise and Sapan Traders on 7-10-2015 of Rs. 25,00 000/-and Rs. 27,00,000/- respectively. This systematic pattern of transferring the funds credited by RSP clearly establishes the modus operandi of the account opening i.e. to route or transfer the funds of RSP back to the donator. Thus the assessee gave Rs. 52,00,000/- to RSP in the form of donation which was transferred to accounts of Shri Mukesh Mehta who claimed to be a businessman. Again the said amount was transferred to Sapan Traders and Waheguru Enterprise. Thus the donation claimed to be paid by the assessee is found to be bogus and the same is disallowed u/s. 80GGC of the Act and added back to the total income of the assessee and also initiated penalty proceedings u/s. 271(1)(c) of the Act for concealment of income."

On further appeal Ld. CIT (A) observed in the case "The Assessing Officer has clearly brought out facts that bank accounts of above political party have been used by the accommodation entry provider where the donation received by cheques were layered through various bank accounts and ultimately cash was returned back. I therefore, agree with the findings given by the AO that donation of Rs. 52,00,000/-claimed u/s. 80GGC is merely accommodation entry. The Honorable ITAT Ahmedabad in the case of Pavankumar M. Sanghvi v. ITO, Wd. 3(1)(2), Baroda [2017] 81 taxmann.com 308 on the issue of accommodation entry has observed as under-

"8. As I proceed to deal with genuineness aspect, it is important to bear in mind the fact that what is genuine and what is not genuine is a matter of perception based on facts of the case vis-a-vis the ground realities. The facts of the case cannot be considered in isolation with the ground realities. It will, therefore, be useful to understand as to how the shell entries, which the loan creditors are alleged to be, typically function, and then compare these characteristics with the facts of the case and in the light of well settled legal principles. A shell entity is generally an entity without any significant trading, manufacturing or service activity, or with high volume low margin transactions to give it colour of a normal business entity used as a vehicle for various financial manoeuvres. A shell entity, by itself, it not an illegal entity but it is their act of abatement, of, and being part of financial manoeuvring to legitimize illicit monies and evade taxes, that takes it actions

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beyond what is legally permissible These entities have every semblance of a genuine business its legal ownership by persons in existence, statutory documentation as necessary for a legitimate business and a documentation trail as a legitimate transaction would normally follow. The only thing which sets its apart from a genuine business entity is lack of genuineness in its actual operations. The operations came out by these entities, are only to facilitate financial manoeuvring for the benefit of its clients, or with that predominant underlying objective, to give the colour of genuineness to these entities. These shell entities, which are routinely used to launder unaccounted monies, are a fact of life, and as much a part of the underbelly of the financial world, as many other evils. Even a layman, much less a Member of this specialized Tribunal, cannot be oblivious of these ground realities."

In the aforesaid case, the Hon'ble ITAT bench held "As regarding ground no. 2, donation of Rs. 52,00,000/- made u/s. 80GGC, the ground is general in nature. The assessee has not produced any additional evidence in support of its claim. In fact the assessee had stated that it had cordial relationship with Mr. Kamlendu Tripathi Secretary of RSP and no other criteria was followed for making these donations. The Ld AO made a detailed enquiry of RSP and its Bank accounts and transfer of funds to one Shri Mukesh Mehta proprietor of two firms and he transferred it to Waheguru Enterprise and Sapan Traders, which is clearly a systematic financial maneuver to legitimate illicit moneys and evade taxes. It is appropriate to follow the Hon'ble Supreme Court judgment, wherein SLP filed by the assessee is dismissed confirming the Tribunal's decision to come to the conclusion that the entire loan transaction was not genuine, in the case of Pavankumar M. Sanghvi v. ITO [2018] 97 taxmann.com 398/258 Taxman 160 (SC) which held as follows:

Assessee received certain sum as loan from two companies - Assessing Officer having found that said lender companies were shell entities added loan amount to income of assessee under section 68-Bank statement of lender companies revealed high transactions during day and a consistently minimal balance at end of working day-Further day when assessee was given loan there were credit entries of almost similar amounts, and balance after these transactions was a small amount Tribunal taking into account bank statements of lender companies and fact that assessee failed to produce these lenders for verification held that alleged loan transactions were not genuine -High Court by impugned order held that since Tribunal had given elaborate reasons to come to conclusion that entire loan transaction was not genuine, appeal filed before it was to be dismissed Whether Special Leave Petition against impugned order was to be dismissed.

5.2 In the absence of any evidence from the assessee, the grounds raised by the assessee are untenable and therefore the same is rejected. The findings

given by the lower authorities does not require any interference and the addition is sustained.

It is pertinent to mention here that out of two political parties to whom the appellant paid total donation of Rs. 1,13,51,000/- the modus operandi of the one political party named the Rashtriya Samajwadi Party (Secular) has already been discussed in details in the preceding paragraphs of the instant order. It can be safely presumed that the modus operandi of other political party named Kisan party of India is also indulging only in providing accommodation entry as can be ascertained from various newspaper reports and enquiries which is being conducted by various institutions.

In view of the findings in the above case I am inclined to agree with the decision made by the AO during the assessment proceedings regarding the donation made was basically a bogus donation as the Political Party is indulging only in providing accommodation entry. Thus in view of the above discussion, the submission made by the appellant regarding the claim of deduction for donation of Rs. 1.13.51,000/- to be allowed is not acceptable as already discussed in detail in the preceding Paras of the instant order. Therefore, the ground of appeal stands dismissed."

5. Aggrieved against the same, the assessee is in appeal before us raising the following Grounds of Appeal:

1. The learned National Faceless Appeal Centre has erred in law and facts by confirming the disallowance of claim for deduction under section 80GGC of the Act of Rs.1,13,51,000/- made by the learned A.O. and therefore the learned A.O. be directed to allow the same while computing total income.

2. That the appellant craves liberty to add, amend and alter any ground of appeal before the final hearing.

6. Ld. Counsel appearing for the assessee filed same set of documents filed before the Assessing Officer and reiterated its submissions. Nothing new documents or evidences filed before us to deviate from the findings of the Lower Authorities. The Ld AO has clearly brought out facts that bank accounts of above political parties have been used by the accommodation entry provider, where the donation received by cheques were layered through various bank accounts and ultimately cash was returned back. The same is not disputed by the assessee with relevant materials. Further the Ld AO made a detailed enquiry of RSP and its Bank accounts and transfer of funds to one Shri Mukesh Mehta proprietor of two firms and he transferred it to Waheguru Enterprise and Sapan Traders, which is clearly a systematic financial maneuver to legitimate illicit moneys and evade taxes. In the absence of any fresh materials in support of the assessee's claim. The Grounds raised by the assessee is devoid of merits and liable to be dismissed."

8.11 We also find that similar issue stands adjudicated by the Co-ordinate benches of this Tribunal in the cases of :-

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- (i) Mihir Bipinbhai Parekh Vs. DCIT (ITA No. 1173/Mum/2026),
- (ii) Milind Pankajbhai Shroff Vs. Pr. CIT-1, Rajkot (ITA No.93/RJT/2023),
Ritesh Sujan Jain Vs. ITO (ITA No. 8546/Mum/2025),
- (iii) Rajen Jayantilal Merchant Vs. ITO (ITA No. 1683/Ahd/2025),
- (iv) Saurabh Pravinbhai Patel Vs. ITO (ITA No. 1017/Ahd/2023).

8.12 For the sake of ready reference, the detailed adjudication in the case of Milind Pankajbhai Shroff, vs The Pr. CIT 1, Rajkot in ITA No.93/RJT/2023 dtd 20/05/2024 is reproduced as under :-

"22. Now, we shall also adjudicate the other arguments advanced by Id. DR for the revenue to the effect that "fraud vitiates everything". In this connection, at the cost of repetition, we reiterate the findings of Id PCIT, which are as follows:

(i) Rashtriya Samajwadi Party (Secular) is a Registered Unrecognized Political Party and it is one of the 23 RUPPs covered in the RUPPs Group of Ahmedabad. This party was established on 21.10.2008 and its registered address as per its website is Samruddhi Complex, Opp- Sakar-3, Income Tax Circle, Ahmedabad. However, during pre-search enquiry, no party office is found at the aforesaid address.

(ii) The modus-operandi of this political party is that the donation is received through cheque in the bank account of the party and then routed through intermediary(ies) (which is generally shell entity(ies) controlled by either the persons running the party or by any other person) in the garb of various purchases or other payments, which are found to be bogus in nature. It is pertinent to mention here that the political party doesn't pay any tax since it is exempt u/s 13A of the Act.

(iii) During the search proceedings, on 07.09.2022, statement on oath u/s 132(4) of the I.T. Act, was recorded of Smt. Sandhya Singh, National Party President of the Rashtriya Samajwadi Party (Secular). As evident from the declaration made on oath by Smt. Sandhya Singh that although she is national party president of the party, however, all the work related with party is being looked-after by her husband Shri Bishwajeet Singh. She was not aware about any activity of the party. Further, vide Q. No. 18 and 19, she was categorically asked regarding details of bank accounts, books of accounts, nature and quantum of the expenditures of the Rashtriya, Samajwadi Party. In reply to the same, she again stated that she is not aware of any details regarding these subjects. She stated that all these things are being handled by her husband Shri Bishwajeet Singh.

(iv) It is on record that statement of Shri Bishwajeet Singh, on oath u/s 132(4) of the I.T. Act, was recorded on 07.09.2022. During the statement

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proceedings, Shri Bishwajeet Singh admitted the fact that on his instance, his wife Smt. Sandhya Singh joined RSP, as president. During the statement proceedings, Shri Bishwajeet Singh revealed that the party i.e. RSP is involved in bogus donations scam across India and founder of party i.e. Shri Surya Nath Chaturvedi carried out bogus donations scam since inception of the party. He further stated that after deducting certain commission donations are being returned to the donors.

(v) Furthermore, Shri Bishwajeet Singh stated that these affairs are also being handled by the Shri Ritesh Shah. Shri Bishwajit Singh submitted list of some bogus entities used for cash generation, which is reproduced by Id PCIT on page number 13 of his order.

(vi) During the post search inquiries, statement of Shri Amitkumar Chaturvedi (AHLPC7736R), past president of political party was also recorded, he categorically admitted that the party was engaged in bogus donations scam.

(vii) It is relevant to refer to the fact that on verification with the website of regional Chief Electoral Officer where the party is registered i.e. CEO, Gujarat State, it has been found that Rashtriya Samajwadi Party (Secular) has not filed any contribution report, since F.Y. 2013-14 onward.

(viii) The party been claiming wrong and invalid exemption, over the years under section 13A of the I.T. Act but it has also been, mentioning in its Income Tax Return of F.Y. 2018-19 that no contribution report has been filed u/s 29C of the R.P. Act, 1951.

(ix) Rashtriya Samajwadi Party (Secular) is not registered, as of today, as informed by Id Counsel for the assessee, with Election Commission of India/R.P. Act, 1951.

(x) There is no retraction of statements given by Smt. Sandhay Singh, Shri Bishwajeet Singh and Shri Amit Kumar, hence their statements are correct and valid.

On analysis of gathered data of the conducted search, it was learnt that these RUPP's are either not carrying out any sort of genuine political or social activity or they are carrying out such activities to project themselves as genuine parties. However, in reality these political parties are being used as a vehicle of accommodation entries under the garb of political activities. The biggest advantage of creating a façade of a political party to propagate the accommodation entry scam is the fact that the income of political party is completely exempt from taxation as long as conditions laid down in section 13A of the Act, are satisfied. The persons making donations to such organizations, at the same time received back the donations made by them in the form of cash after deduction of certain percentage of commission. By

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this way, the assessee i.e. the donor becomes eligible for the deduction u/s 80GGC of the Act and evades the income tax liability by claiming 100% deduction on donated amount irrespective of his/her ITR. Further, In the light of disclosures made by Shri Suryanath Chaturvedi the former president and founder member of RSP (Secular), it is an established fact the Rashtriya Samajwadi Party has been formed to carry out bogus donations scam and bogus donation activities are being carried out from the inception of the party. All the party presidents from the inception have admitted that the RUPP is involved in the bogus donation scam. Moreover, Umapati IT Solution is a paper entity and has been used for layering of bogus donation received in the bank accounts of RSP(Secular).

23. From the above facts, it is abundantly clear that donation received by "Rashtriya Samajwadi Party" is bogus. The assessee has claimed deduction under Section 80GGC of the Act, and 80G(5) of the Act, which is also bogus and to that extent Assessment Order passed by assessing officer is erroneous and prejudicial to the interest of Revenue. There is a saying that The 'tail' cannot wag the 'dog'. When there is a fraud, then the details and documents submitted by the assessee, before the assessing officer, during the assessment proceedings, do not assist the assessee in any manner, that is, the assessee cannot take the plea that he has submitted enough documents and details before the assessing officer and assessing officer has taken the plausible view. For that reliance can be placed on the judgment of the Coordinate Bench of ITAT Pune, in the case of Abhishek Ashok Lohade in ITA No.816/PUN/2018, order dated 22.11.2022.

From the above facts and relying on the decision cited above, it is abundantly clear that donation received by "Rashtriya Samajwadi Party" is bogus. The assessee has claimed deduction under Section 80GGC of the Act, which is also bogus and to that extent the assessment order passed by assessing officer in disallowing the deduction claimed by the assessee u/s 80GGC to the tune of Rs.xxxxx/- is upheld."

8.13. It is now well settled by the Hon'ble Supreme Court in the cases of CIT v. Durga Prasad More (1971) 82 ITR 540 (SC) and Sumati Dayal v. CIT (1995) 214 ITR 801 (SC) that the taxing authorities are not required to put on blinkers while examining a transaction merely because it is supported by documentary evidence. They are entitled to look beyond the apparent, examine the surrounding circumstances, apply the test of human probabilities and ascertain the real nature of the transaction. Where the cumulative facts and attending circumstances establish that the apparent is not the real, the Revenue is justified

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in drawing an inference based on the preponderance of probabilities. In the present case, the investigation material, statements recorded under section 132(4), bank trail analysis and the established modus operandi of the recipient political party constitute a complete chain of circumstances which overwhelmingly demonstrate that the impugned donation was merely an accommodation entry and not a genuine contribution eligible for deduction under section 80GGC of the Act.

8.14 In view of the foregoing discussion, the material brought on record by the Revenue, the findings emerging from the investigation and respectfully following the consistent view taken by the Co-ordinate Benches of this Tribunal in identical matters, we hold that the assessee has failed to establish that the impugned contribution represented a genuine donation eligible for deduction under section 80GGC of the Act. Mere payment through banking channels and production of donation receipts cannot, in the facts of the present case, override the overwhelming evidence demonstrating that the recipient political party was engaged in providing accommodation entries through a systematic layering of funds. The decisions relied upon by the Ld. AR are distinguishable on facts and do not advance the case of the assessee. We, therefore, find no infirmity in the order of the Ld. CIT(A) affirming the disallowance made by the Assessing Officer. Accordingly, the grounds raised by the assessee are dismissed.

9. In the result, the appeal of the assessee is dismissed.

The order pronounced in the open Court on 06.07.2026.

Sd/-

**(RAHUL CHAUDHARY)
JUDICIAL MEMBER**

Ahmedabad; Dated 06.07.2026

**btk

Sd/-

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

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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(अ पील) /The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद/ DR, ITAT, Ahmedabad
6. गार्डफाईल /Guard file.

आदेशानुसार/ BY ORDER,

True Copy

सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad