2026:AHC:140077-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

INCOME TAX APPEAL No. - 99 of 2026

Principal Commissioner of Income Tax and another

…..Appellant(s)

Versus

Ankur Mittal

…..Respondent(s)

Counsel for Appellant(s)	:	Ankur Agarwal
Counsel for Respondent(s)	:	Vedant Agarwal

Court No. - 39

HON'BLE SAUMITRA DAYAL SINGH, J.
HON'BLE MRS. SWARUPAMA CHATURVEDI, J.

1. Heard Sri Ankur Agarwal, learned Senior Standing Counsel for the revenue and Sri Rahul Agarwal, learned Senior Advocate assisted by Sri Vedant Agarwal, learned counsel for the respondent-assessee.

2. Present appeal has arisen against the order of the Income Tax Appellate Tribunal, Delhi Bench "E" New Delhi dated 12.12.2025 passed in Income Tax Appeal No. 1104/Del/2025 (Dy. Commissioner of Income Tax Vs. Ankur Mittal) for A.Y. 2017-18, whereby the Tribunal has dismissed the departmental appeal filed against the order passed by the National Faceless Appeal Centre (NFAC in short) Delhi dated 23.12.2024 arising from the assessment order dated 27.03.2023 passed under Section 143(3) read with Section 263 of the Income Tax Act, 1961 (hereinafter referred to as the 'Act'). Preceding the order

dated 27.03.2023, the assessee had been assessed to tax for A.Y. 2017-18 vide assessment order dated 16.12.2019 passed under Section 147 read with Section 143(3) of the Act. That order became subject matter of proceedings under Section 263 of the Act. Vide his order dated 27.03.2022, the learned PCIT, NOIDA directed for a fresh assessment order to be passed after obtaining certificates of the Agriculture Produce Marketing Committee (APMC)/'Mandi Samiti', to certify the genuineness of Form 6R, relied by the assessee.

3. The appeal has been pressed on the following questions of law :

> *"2. Whether the Ld. ITAT erred in law in holding that production of Form 6R and payment of Mandi Shulk/Vikas Shulk were sufficient to establish genuineness of cash purchases for the purpose of claiming benefit under Rule 6DD of the Income-tax Rules, 1962 ?*
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> *4. Whether the Ld. ITAT was justified in law in affirming the order of the Ld. CIT(A) without independently examining the deficiencies specifically pointed out by the Assessing Officer pursuant to the directions issued under Section 263 of the Income-tax Act, 1961 ?"*

4. Briefly, the facts remain that the assessee is a trader of food grains. During the relevant financial year he procured rice grains from farmers in the mandi area Dadri. According to the assessee, all transactions of purchase were evidenced by Form 6R issued under the Mandi laws. There is absolutely no doubt as to existence of those certificates. Also, despite two rounds of litigation, the sales of the assessee have not been doubted.

5. In those facts, Assessing Authority had accepted the procurement/purchase of rice grains made by the assessee from farmers/unregistered dealers, against Forms 6R. That was doubted by the PCIT who required the assessee to obtain further certificates (non-statutory), to certify the genuineness of Form 6R, relied by the assessee. Though the assessee did not raise any challenge to the order passed under Section 263 of the Act, it is a fact that in the fresh assessment proceedings,

neither he produced any Certificate, as directed by the PCIT nor the department obtained such Certificate or required such certificates to be produced by the APMC/'Mandi Samiti'. Yet, without making any addition on that count and again accepting the case of the assessee again relying on Forms 6R. Yet, on this occasion, the Assessing Authority chose to travel beyond the scope of order passed under Section 263 of the Act. Thus, he made additions Rs. 12,12,46,867/- towards cash paid in excess of Rs. 20,000/-, to individual farmers. Plainly, that was not an issue in existence. Faced with that situation, the Appeal Authority i.e. NFAC who vide its order dated 23.12.2024 set aside the additions made by the Assessing Authority as beyond the scope of proceedings under Section 263 of the Act. That issue has attained finality as the revenue is not pressing that issue in this appeal.

6. On the issue of non-submission of certificates by APMC/'Mandi Samiti' to certify as genuine Form 6R relied by the assessee, the Appeal Authority again upheld the objection raised by the assessee on the following reasoning :

> "**4.3.6**. *From the assessment order of the AO, it is clear that appellant had submitted Form 6R in support of purchases made by him in APMC-Mandi.*
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> *During the course of assessment proceedings, the appellant submitted that the cash purchases were made by it from Mandi Samity of UP from farmers and hence did not fall under the ambit of the provisions of section 40A(3) of the Act, as the same were covered by Rule 6DD of the Income Tax Rules, 1962.*
>
> *Form 6R is issued by the appellant to the seller at the time of making purchase in Grain Mandis across UP. The appellant has claimed that Form 6R is given only to such persons who are cultivator producers/agriculturists. The appellant contends that purchases were duly entered into the Mandi Shulk Register maintained by the Mandi Samiti. Mandi Shulk Register is maintained for record of tax paid by the buyers in respect of transactions made by them in the Mandi premises.*

The entire purchases of paddy in the state of UP is governed by the UP Krishi Utpadan Mandi Adhiniyam, 1964 and UP Krishi Utpadan Niyamavali, 1965. In terms of the said Adhiniyam, no farmer can sell his agricultural produce other than for home consumption except in a Mandi Samiti Campus, if the said producer is located within 20 kms radius from the Mandi Samiti Campus. Similarly, no person can buy agricultural produce directly from any farmer and has to purchase the same at the Mandi Samiti Campus if the buyer is located within 20kms radius of the Mandi Samiti. For the said purpose section 9 of the Adhiniyam needs to be seen.

Section 26 of the UP Krishi Utpadan Adhiniyam 1964 provides that every officer orservant of a Committee is equivalent to a public servant within the meaning of section 21 of the Indian Penal Code. A public servant is supposed to act only as per law while undertaking his official duties. Wherever a government official undertakes action in good faith, his action has to be understood with no mala-fide against anybody including the officials of other government departments as has also been provided in the income-tax provisions and CrPC.

Thus, any error or negligence by the Mandi Samiti officials in maintaining statutory records as per the law cannot be considered against the appellant in any manner in this proceeding as there was no fault of the appellant for the same.

In view of above discussion, it appears that Form 6R has got ample evidentiary value and can not be brushed aside by AO.

4.3.7. *The Books of Accounts of the appellant are audited u/s 44AB of the Act. The AO has not found any defect with the books of accounts and not rejected the same. The AO has treated purchase of Rs.12,12,46,867/- to be bogus but did not disbelieve the sales reported. The action of the AO of makes the GP at Rs.12,63,54,298/- (Rs.51,07,431/- + Rs.12,12,46,867/-) which comes to 40.67% of sales which is abnormally high in food grain line of business.* If there were sales, there has to be purchases*. The action of AO of treating the cash purchases to be bogus is not valid and thus liable to be cancelled.*

The assessee has submitted in the instant appellate proceedings as follows:

> "*In response to the SCN requiring the filing of purchase bills, the assessee uploaded 5 Acknowledgments with 1361 Bills on 17.03.2023 are enclosed in the paper book, but the large number of bills with a load exceeding 50 GB are not attached as these can be examined and pursued from the original filings. See pages 19-20.*"

On the issue of absence of PAN, VAT Regn no. etc. of farmers, the appellant has stated that the farmers do not have PAN as their agricultural income is not taxable. Just because they do not have PAN-their identity is not established- is an incorrect approach of the AO. The farmer's identity is proved from the fact that he is selling his produce in the APMC market/Mandi. The appellant further states that it is case of agricultural produce and on this no VAT TIN / or CST is applicable. The contentions of appellant are valid.

4.3.8. *The appellant has submitted copy of certificate from Krishi Utpadan Mandi, Dadri which shows that the appellant has paid Rs.44,51,031/- as Mandi Shulk @2% and Rs.11,12,758/- as Vikash Shulk @0.5% of purchases made in APMC Mandi during the relevant year. By back calculation the figure figure of total purchase made by the appellant in relevant year from farmers in APMC Mandi comes to Rs.22,25,51,560/-. The appellant has submitted that total purchase from farmers in APMC-Mandi for the year was Rs. 22,26,31,211.45. The minor difference in two figures could be on account of rounding off. The cash purchase of Rs. 12,12,46,867/- is part of above said total Mandi purchase of Rs. 22,26,31,211.45 which is supported by the certificate issued by Krishi Utpadan Mandi, Dadri which is a Government body and cannot be doubted.*

The certificate of Krishi Utpadan Mandi, Dadri is extracted below:

कार्यालय कृषि उत्पादन मण्डी समिति दादरी, (गौतमबुद्ध नगर)।

पत्रांक–कृ0उ0म0स0 / 2023– मेमो

दिनांक: 01.02.2023.

To,

M/s Agrawal Food Grains
Dadri, Gautam Budh Nagar

That the Mandi Samiti impose on delear or agent 2% Mandi sulk + .50% Vikas cess on the purchase cost from the farmer. M/S Agrawal food Grains deposited Mandi sulk and vikas cess for the financial year 2016-17 on the purchase made From farmer at Dadri Mandi.
We certified that the value details below of Mandi Shulk and Vikas Cess. That the Mandi Shulk and vikas cess paid by Agrawal Food Grains timely to Dadri Mandi Samiti. The details of Mandi Shulk and vikas cess is truly correct in our knowladge.

Date	Mandi Receipt No.	Cheque No.	Mandi Shulk	Cheque No.	Vikass Cess	Total Amount Paid
30.4.16	0130/012947	0375156	2,04,210.00	0375158	51,053.00	2,55,263.00
30.5.16	0130/012992	N/A	5,24,176.00	N/A	1,31,044.00	6,55,220.00
30.7.16	0135/013425	0378180	2,67,136.00	0378179	66,784.00	3,33,920.00
31.8.16	0135/013439	0378185	4,47,250.00	0378186	1,11,812.00	5,59,062.00
31.8.16	0135/013454	N/A	4,09,084.00	N/A	1,02,271.00	5,11,355.00
30.9.16	0135/013468	0272257	2,60,700.00	0272258	65,175.00	3,25,875.00
31.10.16	0146/014501	0272271	11,74,739.00	0272272	2,93,685.00	14,68,424.00
06.11.16	0146/014525	N/A	9,98,850.00	N/A	2,49,712.00	12,48,562.00
31.1.17	0155/015578	0378118	1,64,886.00	0378117	41,222.00	2,06,108.00
			44,51,031.00		11,12,758.00	55,63,789.00

For

सचिव

Decision on Ground No. 4 & 5

In view of the above discussion and also in view of the facts and in law, the Ground No.4 of the appeal is allowed and addition of Rs.12,12,46,867/- made by the AO u/s 69C of the Act is deleted.

Since ground no.4 of the appellant has been allowed in full, ground no.5 becomes academic. It is hereby held that cash purchases of Rs. 12,12,46,867/- of the assessee are covered by provisions of Rule 6DD of the Rules and provisions of section 40A(3) are not attracted. **The Ground No. 5 is allowed for statistical purposes**. "

7. Against that, the revenue appealed. The Tribunal has also dismissed the appeal filed by the revenue on the following reasoning :

"8. In the instant case the assessee filed the copy of certificate from the Krishi Utpadan Mandi, Dadri to show that the Mandi Shulk and Vikash Shulk was paid on the purchase made in APMC Mandi during the relevant year. From the order of the Ld. CIT(A), reveals that the assessee furnished Form 6 R in support of purchase made by

him in APMC-Mandi. The total purchase was made from farmers in APMC – Mandi which is a government body. The purchase made by the assessee cannot be doubted. The Ld. CIT(A), has examined the issue in the correct prospective and rightly deleted the additions made under section 69C of the Act, made by Assessing Officer. The reasoning and findings of the Ld. CIT(A), while granting relief is on proper appreciation of law expounded by the judicial dicta. We do not find any reasons to interfere with the findings of the Ld. CIT(A). The appeal of the Revenue liable to be dismissed and dismissed accordingly."

8. The objection of learned Senior Standing Counsel for the revenue is that the order of Principal Commissioner of Income Tax has not been given effect to. In absence of any challenge to that direction, the Appeal Authority as also the Tribunal had erred in accepting the assessee's contention. Second, the scope of the First Appeal is co-extensive and co-terminus to that of the Assessing Authority, it has been further submitted that the Appeal Authority itself should have gone into that issue. On merits, it has been strenuously urged that the genuineness of Form 6R cannot be accepted till certified by the APMC/'Mandi Samiti', as directed.

9. On the other hand, learned Senior Counsel appearing for the assessee would contend - even though assessee may not have assailed the order passed under Section 263 of the Act and even though the assessee may not have been able to make available any certificate as desired by the PCIT in his order passed under Section 263 of the Act, the revenue was not disabled from requiring the APMC to submit such certificates.

10. Second, in any case, the certificate of Form 6R is statutory proof of transaction made as prescribed by the law. In absence of any *prima facie* or genuine doubt as to the credibility of such Forms 6R, relied by the assessee, the direction of the PCIT may not be read to invalidate the statutory provision of the transaction performed by the assessee. Third, it has been objected, if at all the revenue was aggrieved by the second order

of assessment dated 27.03.2023 – that it is not in accordance with the direction issued by the PCIT, the only remedy available to the revenue was to seek fresh revision on that count. Further, the revenue may never have been permitted to raise that issue by way of opposition offered to the grounds of appeal pressed by the assessee, against such second assessment order.

11. Having heard learned counsel for the parties and having perused the record, on the third issue, it has to be noted that under the Act, the revenue does not have a right of appeal against the assessment order. To contemplate such a right would be to violate to the fundamental principle of the Act itself. In a assessment proceeding, the Assessing Authority may act as a *quasi-judicial* authority without the assistance of any departmental representative. He issues a notice of assessment on the doubts that he entertains (in the interest of the revenue); receives replies and evidence from the assessee, to his own doubts and; thereafter proceeds to deal with his doubts on the strength of replies and explanations furnished by the assessee. The end conclusion becomes the assessment order where he may accept or reject or partly accept or partly reject the replies of the assessee. Thus, the assessment order is the stated case of the revenue itself. It can never have a right to appeal thereagainst. In that context, the revenue may only have a right of revision if the assessment order is found to be "erroneous in so far as it is pre-judicial to the interest of revenue" by the administrative Commission.

12. Here, on the merits, the PCIT did form an opinion to that effect. The correctness of that opinion may not be strictly under challenge in these proceedings. Therefore, we assume that the PCIT had entertained the doubt that statutory Form 6R relied by the assessee may not be acted upon

till those forms were further certified by non-statutory means of issuance of certificate by the APMC/'Mandi Samiti' that such forms were genuine. We further assume that the assessee did not comply with that direction nor the Assessing Authority issued any notice to the APMC/'Mandi Samiti', to comply with the directions issued by the PCIT. What we have to consider is the consequences of the second assessment order, in that regard.

13. Plainly, the only course that may have been open to the revenue was to seek fresh revision of the order dated 27.03.2022. However, it could neither appeal thereagainst nor it could therefore press any objection in the appeal filed by the assessee, on that count. To that extent, the order was in favour of the assessee, it had not raised any ground of challenge in its appeal filed against the second assessment order.

14. As to the objection - that the powers of the First Appeal Authority are co-extensive and co-terminus to that of the Assessing Authority, if in such facts, the First Appeal Authority were to exercise its jurisdiction (as suggested by the learned Senior Standing Counsel for the revenue), that course may have been permissible except after strict compliance of Section 250(4) read with Section 251(2) of the Act. Unless the revenue had pressed the issue before the Commissioner (Appeals) or it had been pointed to the Commissioner (Appeals) or it had considered it proper (of his own), that the order of the assessment needs enhancement of computation, that objection cannot sustain. In that regard, the occasion never arose before the Tribunal and it does not arise before this Court, to consider such possibilities of such course being adopted.

15. Therefore, we are of the firm view that in such facts, the only course that may have been open to the revenue would have been to seek a fresh

revision of the second assessment order dated 27.03.2023. That was clearly not done. Therefore, the NFAC made no mistake in considering the only ground on which appeal had been pressed by the assessee, in the second round of litigation. Admittedly, those grounds had been dealt with by the Assessing Authority, wholly beyond the scope of the order passed by the PCIT under Section 263 of the Act. Hence, the appeal of the assessee was rightly allowed. There is no challenge on that count either.

16. Seen in that light, the issue that Form 6R relied by the assessee were not certified by the APMC/'Mandi Samiti', may be examined. Undeniably Form 6R are statutory proof of transactions performed. There is no doubt that the assessee is engaged in trading in food grains, in the mandi area Dadri. Further, no doubt has been expressed as to genuineness of Form 6R relied by the assessee. Last, the learned Senior Counsel for the revenue has not pointed out any provision of law as may require further certification by the 'Mandi Samiti' with respect to Form 6R issued by it. We are hasten to add that such certification may be required where *prima facie* doubt as to genuineness or reliability of any particular Form 6R arises. For reason of specific doubts clearly expressed, enquiry may arise or be required to be conducted by the APMC/'Mandi Samiti' to establish the genuineness and/or reliability of the doubtful Form 6R.

17. Also, the Tribunal has considered the provisions of Uttar Pradesh Krishi Utpadan Mandi Adhiniyam, 1964 after referring to Section 26 of the said Act and such related provisions of law. It has reached a conclusion that there was no occasion to examine such non-statutory certificates.

18. In any case, in absence of such non-statutory certificates obtained by the assessee, it was always open to the revenue to have itself called for such certificates. That was not done. Therefore, there was no proof available against the assessee for reason of technical non-compliance of the order passed by the PCIT.

19. Substantively, we may also note that the sales turnover of the assessee has not been doubted. Therefore, patent perversity existed in the second assessment order.

20. In view of the above consideration, we find no merit in the appeal. It does not give rise to any question of law. Accordingly, the present appeal is **dismissed**. No order as to costs.

(Swarupama Chaturvedi,J.) (Saumitra Dayal Singh,J.)

July 13, 2026
Abhilash