Sayali

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPEAL NO. 921 OF 2024

Pr. Commissioner of Income Tax 2 …Appellant

Versus

Luhariwala Finance and Investment Pvt Ltd …Respondent

Mr N. C. Mohanty, for Appellant
Mr Gunjan Kakad i/b Mr. Atul K. Jasani, for Respondent.

CORAM: M.S. Sonak &
Advait M. Sethna, JJ.

DATED: 10 DECEMBER 2025

PC:-

1. Heard the learned Counsel for the parties.

2. The tax effect in this Appeal is less than Rs.2 Crores. However, Mr. Mohanty relies on Circular No. 05 of 2024 dated 15 March 2024 which, in paragraph No. 3.1(h), refers to cases involving organized tax evasion including cases of bogus capital gain/loss through penny stocks and cases of accommodation entries. He submits that this is a case of accommodation entries and therefore would fall within the exception.

3. Mr. Kakad the learned Counsel for the Respondent further relies on the decision of the Co-ordinate Bench in the case of **Commissioner of Income Tax V. V. M. Salgaonkar and**

Brothers (P) Ltd.[1]**,** to submit that the exception relied on by Mr. Mohanty was introduced only on 15 March 2024 and this Appeal was lodged on 10 July 2023. Therefore, he submits that the Circular would not apply to this Appeal. The co-ordinate Bench in the case of V. M. Salgaonkar (supra) upon interpreting Circular No. 05 of 2024 dated 15 March 2024 has held that the exceptions carved out therein were to apply only prospectively and not to Appeals instituted before the said Circular came into force.

4. Therefore, by following the reasoning in *V. M. Salgaonkar* (supra), we dispose of this Appeal on the ground of low tax effect by leaving the questions of law open.

(Advait M. Sethna, J) **(M.S. Sonak, J)**

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1 (2024) 169 taxmann.com 597 (Bombay)