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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision : 18.08.2025

+ ITA 208/2025

PR. COMMISSIONER OF INCOME TAX -7, DELHIAppellant

Through: Mr Puneet Rai, SSC with Mr Ashvini Kumar, Mr Rishabh Nangia and Mr Gibran Naushad, JSCs, Mr. Nikhil Jain, Ms. Shrishti Sharma, Mr. Pratham Agarwal, Advs.

versus

PRAGUN FINANCE PVT. LTD.

.....Respondent

Through: None.

CORAM:**HON'BLE MR. JUSTICE V. KAMESWAR RAO****HON'BLE MR. JUSTICE VINOD KUMAR****V. KAMESWAR RAO, J. (ORAL)****CM APPL. 39721/2025, CM APPL. 39722/2025**

1. For the reasons stated in the applications, the delay of 62 days in filing and the delay of 132 days in re-filing the captioned appeal stands condoned.

2. The applications stand disposed of.

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3. This appeal under Section 260A of the Income-Tax Act, 1961 **(the Act)** for the Assessment Year **(AY)** 2010-11 has been filed to challenge the order dated 30.05.2024 passed by the ITAT in ITA 886/Del/2020.



4. Some of the facts relevant to be noted are that pursuant to search and seizure operations in the business and residential premises of Mr. Deepak Aggarwal, Mr. Mukesh Kumar and other group of cases based at Delhi, it was found that the group is an entry operator providing accommodation entries to beneficiaries. It was the case of the appellant/the Revenue that various incriminating papers/documents were found and seized during the course of search and seizure operations in both the cases and the statements recorded during the course of search and seizure operations and pre/post search operation, allegedly confirming the involvement of the group in the accommodation entry practices.

5. Accordingly, after drawing a satisfaction note, notice under Section 153C of the Act was issued to the assessee/respondent and addition was made by the AO which has been deleted by the Commissioner of Income Tax (Appeals) [CIT(A)]. It is the order of the CIT(A) that was the subject matter of the appeal before the ITAT.

6. The grounds of challenge before the ITAT can be seen from Paragraph 2 of the impugned order which is reproduced as under:

“2. In pursuance of search and seizure operations in different business and residential premises of Shri Deepak Aggarwal, Shri Mukesh Kumar and other group of cases based at Delhi, it was found that the group is an entry operator providing accommodation entries to beneficiaries. Allegedly, various incriminating papers/documents were found and seized during the course of search and seizure operation in the group cases and the statements recorded during the course of search and seizure operation and pre/post search operation allegedly confirmed the involvement of the group in the accommodation entry practices. Allegedly, in these operations and inquiries, many incriminating papers/documents were found related to the assessee company. Accordingly, after drawing satisfaction note, notice u/s 153C of the Act, was issued to the assessee and addition was made which have been deleted by the CIT(A) for which the Revenue is in appeal raising the following grounds:-

“1. That the ld. CIT(A) has erred on facts and law in holding that



the assessment years covered u/s 153A and 153C are different.

2. That the Id. CIT(A) has erred in treating the amendment u/s 153C as prospective in nature without appreciating the fact that the same are clarificatory in nature.

3. That the Id. CIT(A) has erred on facts and law in treating the date of handing over of documents as the date of search for deciding the relevant assessment year without appreciating the fact that the provisions of section 153C flows from provisions of section 153A and the assessment years for both the sections have to be coterminous with each other.

4. That the Id. CIT(A) has erred in law and facts and failed to appreciate the facts that the assessee company was a per and shell company and used only for providing accommodation entries and miserably failed in providing identity and credit worthiness of the lenders.

5. That the Id. CIT(A) has erred in law and on facts in deleting the addition on account of unexplained share capital and share premium investment amounting to Rs.13,32,00,000/- and commission charges @ 2% amounting to Rs.2664000/- paid to bogus companies.

6. That the Id. CIT(A) has erred in law and on facts in deleting the addition on account of undisclosed commission of Rs.53,26,221/- earned from laundering of fund for providing accommodation entries to the beneficiaries.

7. That the Id. CIT(A) has erred in law and on facts in deleting disallowance of bogus expenses of Rs.5,80,314/- booked in profit and loss account being not genuine and not allowable u/s 37 of the Act.

8. (a) The Ld. Commissioner of Income Tax (Appeals) is erroneous and not tenable in law and on facts.

(b) The appellant craves leave to add, amend any/all the grounds of appeal

before or during the course of hearing of the appeal.””

7. The case of the respondent before the ITAT was that the CIT(A) has rightly exercised jurisdiction under Section 153A and in that sense, the order is justified. The ITAT while dismissing the appeal filed by the Revenue has primarily relied upon the judgment of this Court in the case of **Commissioner of Income-tax-7 v. RRJ Securities Ltd : 2015:DHC:8989-DB.**



8. Mr. Puneet Rai, learned SSC for the appellant/the Revenue has drawn our attention to Paragraphs 23 and 24 of the said judgment, which reads as under;

“23. In the present case, the Assessee had claimed that the assessments for the concerned assessment years were not pending on the date of recording of satisfaction by the AO and, therefore, would not abate by virtue of the second proviso to Section 153A of the Act. Further, the period of six years would also have to be reckoned with respect to the date of recording of satisfaction note that is, 8th September, 2010 and not the date of search.

24. As discussed hereinbefore, in terms of proviso to Section 153C of the Act, a reference to the date of the search under the second proviso to Section 153A of the Act has to be construed as the date of handing over of assets/documents belonging to the Assessee (being the person other than the one searched) to the AO having jurisdiction to assess the said Assessee. Further proceedings, by virtue of Section 153C(1) of the Act, would have to be in accordance with Section 153A of the Act and the reference to the date of search would have to be construed as the reference to the date of recording of satisfaction. It would follow that the six assessment years for which assessments/reassessments could be made under Section 153C of the Act would also have to be construed with reference to the date of handing over of assets/documents to the AO of the Assessee. In this case, it would be the date of the recording of satisfaction under Section 153C of the Act, i.e., 8th September, 2010. In this view, the assessments made in respect of assessment years 2003-04 and 2004-05 would be beyond the period of six assessment years as reckoned with reference to the date of recording of satisfaction by the AO of the searched person. It is contended by the Revenue that the relevant six assessment years would be the assessment years prior to the assessment year relevant to the previous year in which the search was conducted. If this interpretation as canvassed by the Revenue is accepted, it would mean that whereas in case of a person searched, assessments in relation to six previous years preceding the year in which the search takes place can be reopened but in case of any other person, who is not searched but his assets are seized from the searched person, the period for which the assessments could be reopened would be much beyond the period of six years. This is so because the date of handing over of assets/documents of a person, other than the searched person, to the AO would be subsequent to the date of the search. This, in our view, would be contrary to the scheme of Section 153C(1) of the Act, which construes the date of receipt of assets and documents by the AO of the Assessee (other than one searched) as the date of the search on the Assessee. The rationale appears to be that whereas in the case of a searched person the AO of the searched person assumes possession of seized assets/documents on search of the Assessee; the seized assets/documents belonging to a person other than a searched person come



into possession of the AO of that person only after the AO of the searched person is satisfied that the assets/documents do not belong to the searched person. Thus, the date on which the AO of the person other than the one searched assumes the possession of the seized assets would be the relevant date for applying the provisions of Section 153A of the Act. We, therefore, accept the contention that in any view of the matter, assessment for AY 2003-04 and AY 2004-05 were outside the scope of Section 153C of the Act and the AO had no jurisdiction to make an assessment of the Assessee's income for that year."

9. The substantial question of law which has been proposed is as follows:

"A. Whether on the facts and circumstances of the case and in law, the Ld. ITAT is correct in holding that the notice u/s 153C of the Act is time barred by relying upon the judgment of the Hon'ble Delhi High Court in case of CIT-7 Vs RRJ Securities Ltd. (2016) 380 ITR 612 (Del) without appreciating that the judgment will not apply to the instant case pursuant to the amendment made in Section 153C by Finance Act, 2017?"

10. According to Mr. Rai, in terms of the amendment to Section 153C which came into effect on 01.04.2017, the judgment in the case of **RRJ Securities Ltd.** (supra) shall have no applicability.

11. On a pointed query whether the plea sought to be urged, was taken before the ITAT, Mr. Rai, has drawn our attention to ground 2 of the grounds raised before the ITAT, which we have already reproduced above.

12. Mr. Rai, has not shown us anything contrary to say that the amendment of 2017 was given effect from a retrospective date. In other words, the amendment being prospective would surely have no bearing on the issue in hand as the date of search was of the year 2015 and in that sense the issue in hand is covered by the judgment of **RRJ Securities Ltd.** (supra) which has been relied upon by the ITAT while rejecting the appeal of the Revenue.

13. In the case in hand, the search having been carried out on 23.07.2015



and the notice under Section 153C having been issued on 08.10.2018 and presumption having been drawn by the CIT(A) on the same day, the material has been handed over by the AO of the person searched to the AO of the appellant and in such a situation, the year of relevance would be 2018-19 i.e., AY 2019-20 and six earlier years would be 2013-14 to 2018-19. In that sense, the notice issued under Section 153C for AY 2010-11 is much beyond six years and the same was rightly set aside by the CIT(A), which order has been upheld by the ITAT.

14. Infact, we are of the view that the substantial question of law which has been proposed by the appellant/the Revenue in this petition does not arise for consideration.

15. The appeal being without any merit is dismissed.

V. KAMESWAR RAO, J

VINOD KUMAR, J

AUGUST 18, 2025

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