



**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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CWP-17779-2007(O&M)

Date of Decision: 12.01.2026

COMMISSIONER OF INCOME TAX, PANCHKULA

...Petitioner

Vs.

NAND LAL GARG AND ORS.

...Respondents

**CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL
HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL**

Present:- Mr. Sourabh Kapoor, Sr. Standing Counsel (*Through V.C.*) with
Mr. Rana Gurtej Singh, Jr. Standing Counsel
for the petitioner

Mr. Shantanu Bansal, Advocate
for respondent No.3

Mr. Iqbal Roshan, Advocate for
Mr. Sunil K. Mukhi, Advocate
for respondents No.5 and 6

JAGMOHAN BANSAL, J. (ORAL)

1. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking setting aside of order dated 09.01.2007 passed by Income Tax Settlement Commission, Principal Bench, New Delhi.

2. The Petitioner-Income Tax Department on 14.09.1999 searched business and residential premises of Nand Lal Garg-respondent No.1 and two brokers namely Anil Kumar Dalal-respondent No.3 and Sunil Bansal-respondent No.4. The search was conducted in terms of Section 132(1) of Income Tax Act, 1961 (for short '1961 Act'). The respondent No.1-Nand Lal Garg who is answering respondent preferred an application dated 27.11.2000 before Income Tax Settlement Commission (for short 'Settlement

Commission') seeking settlement of his liability. The petitioner submitted its report dated 16.02.2001 under Section 245D(1) objecting admission of respondent's application. The Settlement Commission vide order dated 05.03.2001 accepted respondent's application. The petitioner submitted its report dated 06.08.2001 before Settlement Commission. On the direction of Settlement Commission, the petitioner submitted its further report dated 02.03.2006. The Settlement Commission vide impugned order dated 09.01.2007 settled respondent's liability. The Settlement Commission determined liability of the respondent to the tune of Rs.5,00,000/-. The operative portion of the impugned order reads as:-

"33. We have considered rival submissions. We find that Shri Sunil Bansal was himself engaged in the business of money lending. The Commission's office found that entries were duly reflected in the ledger of Sunil Bansal. Sunil Bansal also identified the address of the applicant. No assumed names seem to have been used. However, the learned A.R. pointed out that Nand Lal is a very common name and Garg also is a common name. Sunil Bansal has been himself borrowing and lending money. He has himself stated that in such business money is lent only after obtaining guarantee, receipts of money etc. No such record was found with the applicant. Such promissory notes, receipts etc. were found with Sunil Bansal but none of them have been found with the applicant. In these circumstances, we decline to believe the Sunil Bansal's ledger. Under these circumstances, we do not see any reason to make any addition on this account. Accordingly, the settlement is accepted at Rs. 5,00,000/-.

34. The computation of income is enclosed as per annexure.

35. Shri Ashwani Kumar submitted that the immunities from penalty and prosecution may be granted as prayed for in the application. The applicant has extended full cooperation and

had also completely disclosed the manner in which the additional income had been disclosed and paid the tax on the additional income so disclosed before the Commission. In these circumstances, the immunities from levy of penalties under the provisions of the IT Act and from prosecution are hereby granted, as prayed for.

36. The applicant has already paid the tax on the income surrendered in the SOF. The balance amount on tax, together with interest, if any, shall be payable within 35 days of the receipts of this order. In case of failure to make the payment within the prescribed period, the immunity granted under various provisions of the IT Act can be withdrawn in terms of sub-section (1A) of the said Section.

37. Further, the immunity granted to the applicant may, at any time, be withdrawn if the Commission is satisfied that the applicant had in the course of the settlement proceedings concealed any particular material to the settlement or had given false evidence and thereupon the applicant may be tried for the offence with respect to which the immunity is granted or for any other offence of which the applicant appears to have been guilty in connection with the settlement and the applicant shall also become liable to the imposition of any penalty under the Act to which the applicant would have been liable had such immunity not been granted.

38. This order shall be void, if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.”

3. Learned counsel for the petitioner submits that Settlement Commission has wrongly settled/determined liability of the respondent to the tune of Rs.5,00,000/- whereas actual liability was more than Rs.2 crores. During the course of search, documents were recovered from brokers and these documents disclosed unaccounted transactions. The Settlement Commission failed to appreciate evidence on record. The Settlement

Commission has further wrongly accepted contention of respondents that there were money lending transactions between the parties whereas alleged entries were disclosing unaccounted transactions of the respondent entailing tax liability.

4. The respondent No.1 in its reply has submitted that order passed by Settlement Commission is conclusive and cannot be reopened in any proceedings. The evidence led by both sides have been duly appreciated by Settlement Commission. This Court cannot reappreciate evidence already examined by Settlement Commission. The Settlement Commission has considered statements of brokers which were tendered at the first instance i.e. during the course of search. The subsequent statement could not be relied upon.

5. We have heard learned counsel for the parties and perused the record.

6. The Legislature has introduced scheme of settlement to get rid of undesired litigation and settle the matter at the earliest. Wide powers have been vested in Settlement Commission. Section 245-I of 1961 Act provides that every order of Settlement shall be conclusive. Section 245-I reads as:-

“245-I Every order of settlement passed under sub-section (4) of section 245D shall be conclusive as to the matters stated therein and no matter covered by such order shall, save as otherwise provided in this Chapter, be reopened in any proceeding under this Act or under any other law for the time being in force.”

7. From the perusal of above-quoted Section, it is evident that every order of Settlement Commission is conclusive as to the matters stated therein. The petitioner is not claiming that Settlement Commission has not

followed prescribed procedure or has not granted due opportunity of hearing. Thus, there is no allegation of violation of procedure or principles of natural justice on the part of Settlement Commission. The petitioner is primarily disputing that evidence either oral or documentary recovered during the course of inquiry were not duly appreciated by Settlement Commission. This Court while adjudicating writ petition under Article 226 of Constitution of India cannot sit over decision of Settlement Commission unless and until there is violation of procedure or principles of natural justice or order is contrary to statutory provisions. In the instant case, there is no such allegation. There is allegation only to the effect that Settlement Commission has not appreciated evidence of the Department. In view of law laid down by Courts including Hon’ble Supreme Court in *‘Jyotendra Sinhji Vs. S.I. Tripathy and Ors.’* (1993) 201 ITR 611, no interference is warranted in the impugned order.

8. In the wake of above discussion and findings, this Court is of the considered opinion that the instant petition deserves to be dismissed and accordingly dismissed.

9. Pending application(s), if any, stands disposed of.

(JAGMOHAN BANSAL)
JUDGE

(AMARINDER SINGH GREWAL)
JUDGE

January 12, 2026
Deepak DPA

Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No