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

\# **CNR No. DLHC010511272026**

\+ ITA 846/2026

PR. COMMISSIONER OF INCOME TAX, CENTRAL -1, NEW DELHI .....Appellant

Through: Mr. Puneet Rai, SSC, Mr. Ashvini Kumar, Mr. Surya Jindal, JSC with Ms. Nancy Jain, Mr. Nikhil Jain, Mr. Aryan, Advs.

versus

GAUTAM BALI .....Respondent

Through: Mr. Ved Jain, Mr. Nischay Kantoor, Ms. Vandana Kothari, Advocate(s)

CORAM:
HON'BLE MR. JUSTICE SUBRAMONIUM PRASAD
HON'BLE MS. JUSTICE RENU BHATNAGAR

O R D E R

% **29.10.2026**

CM APPL. 73515/2026- ***Exemption***

1. Allowed, subject to all just exceptions.

2. Accordingly, the present application stands disposed of.

ITA 846/2026

3. The present appeal has been filed under Section 260A of the Income tax Act, 1961 ("the Act"), assailing the order dated 25.03.2026 passed by the learned Income tax Appellate Tribunal,

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Bench 'G', New Delhi ("ITAT"), in ITA Nos. 5862/Del/2025 and 7896/Del/2025 for the Assessment Year 2020-21 ("Impugned Order").

4. Pursuant to the search and seizure proceedings conducted under Section 132 of the Act in a company called M/s Vestige Marketing Private Limited, stating that various incriminating documents were seized which revealed that Vestige Group of companies are involved into practice of booking bogus expenses on account of bogus purchases and bogus commissions. Based on the said information, the assessment proceedings under Section 147 of the Act were initiated by issuance of notice under Section 148 of the Act. Addition of Rs. 17,00,08,080/- was made on account of deemed dividend under Section 2(22)(e) of the Act and another addition of Rs. 26,42,28,143/- was made on account of unexplained money under Section 69A of the Act.

5. On appeal by the assessee, the Commissioner of Income Tax(Appeals)-24 ("CIT(A)") partly allowed the appeal, restricting the addition only to Rs. 17,00,08,080/- on account of deemed dividend under Section 2(22)(e) of the Act to Rs. 3,97,85,032/-.

6. The order passed by the learned CIT(A) was challenged in appeal before the learned ITAT.

7. A perusal of the Impugned Order shows that the learned ITAT, after perusal of the facts, held that the departmental authorities have proceeded on mere assumptions and presumptions to hold the bogus purchases disallowance as dividend distribution. The learned ITAT observed as under:

"We wish to reiterate here that there is no material in the records

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indicating M/s. Vestige Marketing Private Limited to have actually made any such payment of advance(s) or loan to both these directors/promoters."

8. Learned counsel appearing for the revenue has not been able to point out any infirmity in the aforesaid finding of the learned ITAT.

9. By way of the Impugned Order, the learned ITAT has allowed the appeal preferred by the assessee-respondent and set aside the orders passed by the Assessing Officer and the CIT(A), whereby additions had been made under Section 2(22)(e) of the Act, on the ground that there was no material on record to establish that M/s Vestige Marketing Private Limited had, in fact, made any such advances or loans to the directors/promoters.

10. Upon consideration of the material on record, this Court finds no reason to interfere with the findings of the learned ITAT as no substantial question of law arises for consideration under Section 260A of the Act.

11. Accordingly, the present appeal is dismissed.

12. It is stated that revenue has also challenged the Impugned Order passed by the learned ITAT where the assessee is the company, i.e., M/s Vestige Marketing Private Limited being ITA No. 859/2026. It is a contention of the learned counsel appearing for the revenue that this finding will directly affect the appeal of M/s Vestige Marketing Private Limited. He contends that this income can be taken as income of M/s Vestige Marketing Private Limited, if not, the income of the directors.

13. It is made clear that the observations made by this Court above

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is only limited to the findings in the present appeal and all contentions of revenue are left open when the appeal of M/s Vestige Marketing Private Limited is taken up for hearing.

SUBRAMONIUM PRASAD, J

RENU BHATNAGAR, J

OCTOBER 29, 2026*/bs/sm*

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