

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'F', NEW DELHI**

**Before Sh. Challa Nagendra Prasad, Judicial Member**

**Dr. B. R. R. Kumar, Accountant Member**

**ITA Nos. 208 to 212/Del/2022  
Asstt. Years: 2012-13 to 2016-17**

ACIT, Central Circle-26, New Delhi (APPELLANT)	Vs	M/s Zed Enterprises(P) Ltd., Property No. 194, Pocket no. 26, Sector-24, Rohini, Delhi 110085 (RESPONDENT)
<b>PAN No. AAACZ3568R</b>		

**CO Nos. 181 to 185/Del/2022  
Arising in ITA Nos. 208 to 212/Del/2022  
Asstt. Years: 2012-13 to 2016-17**

M/s Zed Enterprises(P) Ltd., Property No. 194, Pocket no. 26, Sector-24, Rohini, Delhi 110085 (APPELLANT)	Vs	ACIT, Central Circle-26, New Delhi (RESPONDENT)
<b>PAN No. AAACZ3568R</b>		

**Assessee by : Ms. Shilpi Jain, CA  
Revenue by : Sh. P.N. Barnwal, CIT-DR**

<b>Date of Hearing: 04.01.2024</b>	<b>Date of Pronouncement: 09.01.2024</b>
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**ORDER**

**Per Bench:**

The present appeals and Cross Objections have been filed by the Revenue and the assessee against the orders of Id. CIT(A)-29, New Delhi dated 25.11.2021. Since, the issue involved in all these appeals and Cos are similar, they were heard together and being adjudicated by a common order.

2. The Revenue has raised the following grounds of appeal in ITA No. 208/Del/2022:

" 1. That on the facts and in the circumstances of the case, the Ld. CIT (A) has erred in deleting the addition of Rs 2,85,37,640/- made on account of undisclosed sources u/s 68 for unexplained entries in bank account ignoring the fact that assessee has failed to produce any concrete and any additional evidences in support of its contention.

2. That on the facts and in the circumstances of the case, the Ld. CIT (A) has erred in deleting the addition of Rs. 71,344/- made on account of unaccounted commission, ignoring the fact that the assessee has failed to disclose the commission earned from providing accommodation entry.

3. That the order of the CIT (A) is perverse, erroneous and is not tenable on facts and in law."

3. The assessee has raised the following grounds of appeal in CO No. 181/Del/2022:

"1. On the facts and circumstances of the case, the order passed by the learned Commissioner of Income Tax (Appeals) [CIT(A)] is bad both in the eye of law and on facts.

2. On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in rejecting the contention of the assessee that the order passed by the learned Assessing Officer (AO) under Section 143(3) read with section 153C is without jurisdiction.

3. On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in rejecting the contention of the assessee that the proceedings initiated under Section 153C and the assessment framed under Section 153C is bad and liable to be quashed in the absence of any satisfaction being recorded by the AO of the searched person that the incriminating material belonging to the assessee was found during the course of the search.

4. (i) On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in rejecting the explanations and evidences brought on record by the assessee to prove the identity and creditworthiness of the lenders and genuineness of the transactions.

5. (ii) That the abovesaid addition has been confirmed ignoring the fact that the addition has been made by the AO without pointing out any defect in the evidences filed by the assessee.

*6. On the facts and circumstances of the case, the learned CIT (A) has erred both on facts and in law in holding that the assessee is involved in providing and taking accommodation entries in the form of share application money or unsecured loans."*

4. The assessee is a Private Limited company and is engaged in the business of trading. The assessee filed return of income on 28.09.2012 declaring a total income of Rs.1,06,230/-. Thereafter, a search and seizure operation was carried out on the business & residential premises of Anand Jain and Naresh Jain group of cases on 17.12.2015. The case of the assessee company is covered under 153C of the Act, 1961 and satisfaction note were recorded by the AO of searched person on 20.03.2018 and by the AO of the assessee company on 22.03.2018.

5. The AO has made protective addition of entire credit entries in bank account of Rs.2,85,37,640/- treating as unexplained entries in the hands of the assessee company and also made substantive addition of Rs. 71,344/- on account of unaccounted commission income. The Assessing Officer vide show cause notice dated 10.12.2018, on basis of material seized/ impounded during search alleged that assessee company is only paper/shell company and providing accommodation entries in lieu of cash and required to explain deposits of Rs. 2,85,37,640/- in bank accounts of assessee company.

6. At the end ,the AO made the protective addition of entire credit entries in bank account of Rs.2,85,37,640/- treating as unexplained entries in the hands of the assessee company and

also made substantive addition of Rs. 71,344/- on account of unaccounted commission.

7. Aggrieved, the assessee filed appeal before the Id. CIT(A) who deleted the commission charged by the AO.

8. Aggrieved, the Revenue filed appeal before the Tribunal.

9. Before us, the Id. DR argued that the action of the Id. CIT(A) deleting the commission wrong on the facts as the assessee company has proved to have given accommodation entries to various people and entities.

10. On the other hand, the Id. AR argued that it is a fact that accommodation entries have been given by Sh. Anand Jain and Sh. Naresh Jain brothers who have floated various concern including the assessee company through which the entries have been routed through. The commission earned by these two brothers already stands adjudicated determining the total commission earned on the entries given through various entities. Hence, no separate commission can be taxed in the hands of the assessee as the commission already stands taxed in the hands of the entry operators in individual capacity.

11. Heard the arguments of both the parties and perused the material available on record.

12. We have examined the ratio of the Id. CIT(A). The Id. CIT(A) held that the AO in the assessment order has claimed to

have identified the names of beneficiaries and already disseminated the information to the assessing officers of the beneficiaries and hence the credits received by the appellant cannot be treated as unexplained credit in its hands since, the said transactions are mere arrangement of funds/routing of unaccounted income of the beneficiaries to whom the said funds were transferred through the bank of the appellant company in lieu of commission. The Id. CIT(A) has also made note of the beneficiaries of the entries given by the assessee company. For the sake of ready reference, a few entries and the beneficiaries are reproduced below:

Date of Receipt	Receipt / Credits from	Amount	Payment Made To	Date of payment	Amount
05.04.2011	Macro IT System Pvt Ltd	1,500,000	BhagwanMandir Education Trust	05.04.2011	1,500,000
07.04.2011	Karara Mujassme (India)	18,000	Shakuntla	15.04.2011	18,000
13.04.2011	Sai Infoweb pvt ltd	500,000	Shakuntla	15.04.2011	385,100
13.04.2011	Sai Infoweb pvt ltd		Dipesh	15.04.2011	101,400
13.04.2011	Sai Infoweb pvt ltd		Anil Singla Kumar	29.04.2011	13,500
15.04.2011	Sai Infoweb pvt ltd	300,000	Dipesh	15.04.2011	300,000
15.04.2011	H.J Books Agency	341,206	Zen Tradex Pvt Ltd	15.04.2011	100,000
15.04.2011	H.J Books Agency		Reena	25.04.2011	236,500
15.04.2011	H.J Books Agency		Anil Singla Kumar	29.04.2011	4,706
28.04.2011	H.J Books Agency	1,446,701	Anil Singla Kumar	29.04.2011	1,446,701
17.06.2011	Santosh Welfare Trust	23,767	Anil Singla Kumar	29.04.2011	23,767
02.07.2011	Jagriti Overseas Pvt Ltd	127,726	Anil Singla Kumar	29.04.2011	24,826
02.07.2011	Jagriti Overseas Pvt Ltd		Haryana Institute of Technology	10.08.2011	102,900
10.08.2011	SR Buildcon Pvt Ltd	3,000,000	Yuga Estate Pvt. Ltd.	10.08.2011	2,500,000
10.08.2011	SR Buildcon Pvt Ltd		Haryana Institute of Technology	10.08.2011	500,000

10.08.2011	Macro IT System Pvt Ltd	300,000	Haryana Institute of Technology	10.08.2011	300,000
11.08.2011	Sai Infoweb Pvt. Ltd.	500,000	Haryana Institute of Technology	10.08.2011	97,100
	Sai Infoweb Pvt. Ltd.		J.P. Art	11.08.2011	402,900
11.08.2011	H.J Books Agency	1,754,162	J.P. Art	11.08.2011	1,754,162
11.08.2011	Ganesha Investment	2,350,000	J.P. Art	11.08.2011	23,42,938
11.08.2011	Ganesha Investment		Prodip Overseas	05.09.2011	7,062
25.08.2011	New India Publishing Agency	207,942	Prodip Overseas	05.09.2011	207,942

13. From the above, the Id. CIT(A) held that the assessee company has received funds from various concerns as mentioned above and thereafter amounts were transferred to the above mentioned companies/concerns immediately, thus the appellant company is not beneficiary company. The Id. CIT(A) also obtained the remand report from the AO and held that the AO has verified the fund flow statement depicting the source of funds and utilization of the same for payments to beneficiaries submitted by the assessee. The Id. CIT(A) held that it was found which established that the Sh. Anand Jain and Sh. Naresh Kumar Jain were operating bank accounts in the names of various concerns/companies through which accommodation entries were being provided and the appellant company was one of such shell concerns. Further the beneficiaries of such accommodation entries were also identified and information to their respective AOs was also disseminated as mentioned in the assessment order as well as the remand report.

14. Having observed so, the Id. CIT(A) held that as far as charging of commission is concerned in the case of the assessee, it has been held by the AO in the assessment order

that Sh. Anand Jain and Sh. Naresh Jain were entry operators who were managing and controlling various shell concerns including the appellant for providing accommodation entries in lieu of commission and taking that logic there is no question of charging of commission income in the hands of the appellant company arises, since nothing has been earned by the company, being the shell concern.

15. Since, the commission already stands taxed in the hands of the entry operators in their individual capacity, no separate commission can be charged in the hands of the pass through/ companies floated by the entry operators. As the assessee is found to be one of such pass-through entity, we decline to interfere with the order of the Id. CIT(A) in deleting the commission charged.

16. Cross Objections are not pressed.

17. In the result, the appeals of the Revenue as well as the Cross Objections of the assessee are dismissed.

Order Pronounced in the Open Court on 09/01/2024.

**Sd/-**  
**(C.N Prasad)**  
**Judicial Member**

**Sd/-**  
**(Dr. B. R. R. Kumar)**  
**Accountant Member**

**Dated: 09/01/2024**

\*Subodh Kumar, Sr. PS"

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR**  
**ITAT, DELHI**