

IN THE INCOME TAX APPELLATE TRIBUNAL "C" BENCH, KOLKATA

**BEFORE SHRI RAJESH KUMAR, AM
AND**

SHRI SONJOY SARMA, JM

ITA No.2264/KOL/2024

(Assessment Year:2013-14)

**M/s Keynesian Financial
Services Ltd.**
205, Rabindra Sarani, 3rd Floor,
Room No.103, Kolkata-700007
West Bengal

Vs.

DCIT, Circle-7(1)
Aaykar Bhavan, P-7,
Chowringhee Square,
Kolkata-700069,
West Bengal

(Appellant)

(Respondent)

PAN No. AABCK3459M

Assessee by : Shri Abhishek Bansal, AR

Revenue by : Shri Sanjay Paul, DR

Date of hearing: 23.01.2025

Date of pronouncement : 28.03.2025

ORDER

Per Rajesh Kumar, AM:

This is an appeal preferred by the assessee against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 24.09.2024 for the AY 2013-14.

02. At the time of hearing, the assessee only pressed the legal issue as raised in ground no.2, which is with regard to invalid reopening of assessment u/s 147 of the Act, on the basis of borrowed satisfaction and without any application of mind by the Id. Assessing Officer.
03. The facts in brief are that the assessee filed the return of income on 21.09.2013, declaring total income of ₹ 84,930/-. The assessee was engaged in the business of financing and also deals in shares and securities. The case of the assessee was reopened u/s 147 of the Act,



after recording reasons to believe u/s 148(2) and after obtaining approval of the competent authority. Notice u/s 148 of the Act was issued on 19.03.2020. The assessee complied with the said notice by filing the return of income on 04.06.2020, declaring the income of ₹84,830/-. Thereafter, the notice u/s 143(2), 142(1) of the Act were issued along with questionnaires. The case of the assessee was reopened on the basis of information received by the Id. AO that the assessee has brought back unaccounted funds into its books of account from bogus sale of shares of Pvt Companies. The Id. AO after taking into consideration the evidences furnished by the assessee treated the consideration received from sale of unlisted equity shares of ₹63 lacs as unexplained cash credit u/s 68 of the Act by stating that the assessee could not produce the details of transactions and the case laws in its favour.

04. In the appellate proceedings, the Id. CIT (A) dismissed the appeal of the assessee for non-prosecution by the assessee but at the same time decided and dismissed the appeal on merits also.
05. After hearing the rival contentions and perusing the materials available on record, we observed that the case of the assessee was reopened u/s 147 of the Act after the Id. AO received information that assessee is a beneficiary of some credit entries. The copy of reasons recorded is available at page no.60 of the Paper Book. For the sake of ready reference the same is extracted below.:-

"Notice under section 143(2) read with section 147 of the Income-tax Act, 1961('Act)

Dear Taxpayer,

Thank you for filing your return of income for Assessment Year 2013-14 in response to notice under section 148 of the Act, vide Ack, no. 345776821040620 on 04/06/2020



2. While acknowledging the care and diligence you have taken in preparing the return, there are certain issues as mentioned below which need further clarification:-

Issues as per reasons recorded for reopening

On the basis of credible information on record, it is observed that M/s Keynesian Financial Services Pvt. Ltd. has brought back unaccounted fund into its regular books of accounts from bogus shell company without any financial rationale behind such transactions in the financial year 2012-13. Owing the same, I have reason to believe that income chargeable to tax has escaped assessment for the A.Y. 2013-14.

3. In view of the above, you may submit your response with supporting documents (if any) on the above-mentioned issues to undersigned electronically in 'E-proceedings' facility through your account in e-Filing website (www.incometaxindiaefiling.gov.in) at your convenience on or before 14/10/2020

4. In course of assessment proceedings, if required specific questionnaire(s) or requisition(s) for information/document may be issued subsequently

5. A brief note on E- Proceeding is enclosed for your kind reference. In case you require any assistance in filing your response, you may contact toll free Call Centre number 1800 103 4215

Enclosure: As above"

06. After perusal of the above reasons recorded, we note that the Id. AO noted in the reason that on the basis of credible information it is observed that the assessee M/s Keynesian Financial Services Limited has brought back unaccounted funds into its regular books of accounts from shell companies without any financial rationale behind such transactions in the financial year 2012-13 and thereafter concluded that owing the same, he has reasons to believe that income chargeable to tax has escaped assessment for the A.Y. 2013-14. We observe that the reasons recorded by the Id. AO is scanty, vague and unambiguous. The Id. AO has just reopened the case of the assessee based on the information received without any independent application of mind. We note that there is no mention of



details of transactions, mode of payment, amount received by the assessee and also the details from whom the money was received by the assessee. In our opinion, the reopening of assessment cannot be allowed on the basis of such vague reasons, where the Id. AO has not done anything as there was gross non-application of mind by the Id. Assessing Officer. Under these circumstances, we are not in a position to sustain the reopening of assessment. The Id. AR in defense of his arguments relied on the decision of Hon'ble Delhi High court in the CIT vs. Insecticides (India) Ltd. (2013) 38 taxmann.com 403 (Delhi), wherein the Hon'ble High Court has held that the reopening of assessment cannot be allowed on the basis of sanctity, vague reasons, wherein the Id. AO has not mentioned in the reasons recorded the details of transactions and also the details of persons / entity from whom the money was received by the assessee. Considering the facts of the case in the light of the above decision, we are inclined to quash the reopening of assessment. The appeal of the assessee is allowed.

07. Since, we have allowed the appeal of the assessee on legal issue, the ground raised on merit is being left open to be decided at later stage if need arises for the same.

08. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 28.03.2025.

Sd/-
(SONJOY SARMA)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 28.03.2025

Sudip Sarkar, Sr.PS



Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar
Income Tax Appellate Tribunal, Kolkata