

**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, BANGALORE**

**BEFORE SHRI NARENDER KUMAR CHODHRY, JUDICIAL MEMBER AND
SHRI WASEEM AHMED, ACCOUNTANT MEMBER**

ITA No.705-711/Bang/2025
Assessment Year: 2013-14, 2014-15, 2015-16, 2016-17, 2018-19, 2020 -21 & 2021-22.

Shri Jayarama Reddy Boopesh Reddy, No.61, Bren Balavana, 5 th A Block, Koramangala, Bangalore – 560 095. PAN – AGAPB 1359 F	Vs.	The Dy. Commissioner of Income Tax, Central Circle – 2(4), Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Shri Bharat, CA
Revenue by	:	Shri Shivanad Kalakeri, CIT (DR)

Date of hearing	:	07.08.2025
Date of Pronouncement	:	09.10.2025

ORDER

PER BENCH :

All these appeals are filed by the assessee against the order passed by the CIT(A) – 15 Bengaluru vide order dated 31/01/2025 for the assessment years 2013-14, 2014-15, 2015-16, 2016-17, 2018-19, 2020 -21 & 2021-22.

2. First, we take up ITA No. 705/Bang/2025, an appeal by the assessee for A.Y. 2013-14 as a lead case.

3. The assessee in the memo of appeal has raised 9 grounds of appeal which are adjudicated here under.
4. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.
5. The issue raised through Ground No. 6 of the appeal pertains to the non-fulfilment of satisfaction for making the assessment in pursuance to search as prescribed under section 132 of the Act. However, we note the same has not been pressed by the assessee. Hence, the impugned ground is hereby dismissed as not pressed.
6. The issue raised by the assessee though Ground Nos. 2 to 5 and 7 to 8 are interconnected challenging the disallowances of depreciation and expenses on cars on merit as well as on technical grounds.
7. The relevant facts are that the assessee is an individual and sole proprietor of Bren Corporation which is engaged in the business of construction and sale of residential apartments. Additionally, the assessee is also engaged in the business of sale of modular kitchen. The assessee was subject to search proceedings dated 9th February 2017. During the search proceedings, it was noticed that the assessee has claimed expenses and depreciation on various luxury cars. While recording statement under section 132(4) of the Act, vide question Nos. 7 to 9, the assessee was asked regarding the ownership of the cars, mode of purchase, source of payment for purchase and how these cars were used for business and why the expenses such as finance charges, insurance, repair maintenance, depreciation etc not to be treated as personal expenses. Replying to question No. 7, the assessee stated that these cars are parked at his residential premises and being used for business purposes. Replying to question No. 9, the assessee stated that

the luxury cars were being used for business and personal purposes. The assessee requested to allow the expenses claimed in relation to impugned cars considering his business and social needs. But the assessee voluntarily offered an amount of Rs. 5,46,84,952/- on account of expenses and depreciation booked in relation to the cars from F.Ys. 2011-12 to the date of search.

7.1 However, the assessee while filing his return of income under section 153A of the Act has not made any disallowance of expenses and depreciation in respect of impugned luxury cars. During the course of the assessment proceedings, the assessee submitted that these cars are not acquired for personal or non-business use. Instead, they are used for the branding and promotion of the assessee's business projects. The assessee highlighted that these cars are deployed in meetings with high net-worth individuals, investors and corporate clients, which adds credibility and prestige to the assessee's projects and to the Bren Corporation brand. The presence of such luxury cars helps in enhancing the business image and creates confidence in the minds of prospective clients.

7.2 The assessee further submitted that the cars form part of the marketing strategy and selling efforts, since their use has facilitated business development and improved brand positioning. The assessee emphasized that the cars are not laid out for personal pleasure but are wholly connected with the conduct of business.

7.3 The assessee also pointed out that the Investigation Wing did not provide any factual or circumstantial evidence to prove that the cars were used for non-business purposes. No working or material was furnished by the Investigation Wing to justify the disallowance.

7.4 Further, the assessee submitted that while recording the statement he agreed to disallow total expenditure, including depreciation on these cars, amounts to approximately ₹5.46 crores over the years in question. But the impugned statement was given without verification of books of accounts.

7.5 However, the AO concluded that the assessee's claim of using luxury cars for business purposes was not supported by proper evidence. The assessee himself, in his sworn statement recorded under section 132(4) of the Act, admitted that these cars were not used for business purposes and voluntarily agreed to a disallowance of ₹5,46,84,952/- only. This admission was later re-confirmed by the assessee in another statement recorded under section 131 of the Act during the course of post-search proceedings.

7.6 The AO relied on judicial precedents to hold that a statement recorded under section 132(4) of the Act carries high evidentiary value. Referring to the decision of Hon'ble Supreme Court in case of Surjeet Singh Chhabra v. Union of India reported in AIR 1997 SC 2560 held that the statement given voluntary cannot be retracted. Further there was no material brought on record suggesting the statement was given under mistaken belief of facts or law.

7.7 Furthermore, the AO referred the judgment of Hon'ble *P.R. Metrani v. CIT reported in [206] 287 ITR 209* where it was held that statements made under oath during search proceedings can be relied upon for making additions. Relying on the judgment of Hon'ble Supreme Court in the case of *Awadh Kishore Dass vs. Ram Gopal* reported in AIR 1979 SC 861, the AO held that the statements are not conclusive but shift the burden of proof on the person who makes them.

7.8 The AO further observed that evidentiary admissions are binding on the person making them and if such admissions are disregarded, the very purpose of search provisions under section 132(4) of the Act would be defeated. It is for the reason that in the course of search once the assessee make admission, the assessee debar the authorised officer making further investigation. The Hon'ble Madras High Court in the case of *B. Kishore Kumar v. DCIT* reported in 52 taxmann.com 449 emphasized that even if supporting documents are not examined, additions can still be sustained on the basis of voluntary admission. The Hon'ble Supreme Court later upheld this view.

7.9 Based on the above facts and judicial guidance, the AO finally held that the expenses and depreciation claimed on luxury cars cannot be allowed, as they were not used for business purposes. Accordingly, the claim of the assessee for depreciation, finance cost and other expenses in relation 3 cars (Porsche, Mini Cooper & Aston Martin) for the year under consideration aggregating to Rs. 57,79,069/- was disallowed in full.

8. The aggrieved assessee preferred an appeal before the learned CIT(A).

8.1 Before the learned CIT(A), the assessee argued that the assessment order completed under section 143(3) r.w.s. 153A of the Act is bad in law because the additions were not based on any incriminating materials found during the search. According to him, the AO relied only on his sworn statement recorded under section 132(4) of the Act during the search. The assessee submitted that this statement was made under stress, without proper verification of the records or consultation with his staff, and was thus erroneous. He emphasized that mere admission in a statement, without corroborative material, cannot be the sole basis for

an addition. He argued that the Investigation Wing did not bring on record any evidence to substantiate that the alleged admission is based on any incriminating material found during the course of search proceeding.

8.2 On the merit, the assessee contended that all the luxury cars in question were used for the purpose of business and not for personal purposes. He submitted that there was no material or evidence with the Department to show that the cars were used for his personal benefit.

8.3 He explained that all cars always carried the "Bren Garage" logo or the "Bren" logo, and whenever these cars were displayed publicly, such as during races or events, they served as a clear representation of the Bren Corporation brand. Since the assessee operated his real estate business in the name and style of "Bren Corporation," the public display of the brand name on the cars indicated that the cars were meant for business visibility and not for his personal enjoyment.

8.4 The assessee further argued that his passion and pursuit of interest in cars had also been aligned with the development of his business identity. His personal brand and business brand were one and the same, and therefore the ownership and use of luxury cars contributed directly to the branding of the business.

8.5 It was also submitted that the search team was not equipped to understand the modern methods of branding and marketing in the real estate industry. According to the assessee, the officers presumed that luxury cars serve only personal interests, without appreciating that, in his case, the rationale for purchase was business-driven – i.e., prestige, branding, and visibility for Bren projects.

8.6 The assessee highlighted that luxury cars were used in developing the Bren brands, such as "Bren" and "Bren Garage," which stood as

acronyms for his enterprises. These cars had been displayed in public events, further strengthening brand visibility. He submitted that his recognition as a real estate developer with refined taste for quality extended to luxury cars, which in turn enhanced the credibility of his real estate projects.

8.7 The assessee also pointed out that his ownership of luxury cars and his popularity with large residential projects worked hand in hand. This ownership helped burnish his reputation as a trustworthy developer who lives up to his commitments. Further, the possession of luxury cars improved his business reputation amongst creditors, as it indicated financial strength and timely honouring of obligations.

8.8 Moreover, the cars had been regularly disclosed in the fixed asset schedule of the income-tax returns filed over the years, and depreciation had been claimed openly and continuously. These facts, according to the assessee, clearly demonstrated that the cars were part of his business assets.

8.9 On these grounds, the assessee submitted that the luxury cars were an integral part of his business strategy, serving as tools for branding, marketing, and reputation-building, and therefore the expenses and depreciation claimed ought to be allowed.

8.10 The assessee also argued that once cars were included in the block of assets, depreciation could not be denied on an individual car. The test of user, he submitted, should be applied to the block as a whole and not separately to each car.

9. However, the learned CIT(A) after considering the facts in totality rejected the arguments advanced by the assessee. On grounds relating to incriminating materials, the Id. CIT(A) held that during the search, cars were found parked in the assessee's garage, and an inventory was

prepared. The expenses relating to these cars were booked in the books of Bren Corporation. These expenses included finance charges, insurance, repairs, maintenance, and depreciation. When confronted, the assessee himself admitted that some cars were not used for business purposes and voluntarily offered ₹5.46 crore for disallowance. Thus, the Id. CIT(A) held that there was incriminating materials and corroboration, and therefore the ground that the disallowances were based only on statement was rejected.

9.1 On merit of the disallowances, the learned CIT(A) noted that while the assessee had argued that the cars were used for branding, prestige, and business visibility, such general assertions were not enough to justify depreciation under the Income Tax Act.

9.2 The learned CIT(A) observed that the primary requirement for allowing depreciation or any related expenses is that the asset must be directly and primarily used for the purpose of business and for generating income. Merely stating that cars contributed to prestige or brand value does not establish business use. Without concrete evidence that the cars were actively and predominantly used for business operations, the claim of depreciation could not be allowed.

9.3 It was further held that even if the assessee had displayed the cars at public events, such usage could not automatically classify them as business assets. If the primary purpose of luxury cars was to enhance individual status or lifestyle, then such cars would remain personal assets, regardless of any incidental branding or promotional benefit. The assessee had failed to demonstrate that the cars were used primarily and substantially for business purposes rather than for personal purposes.

9.4 The learned CIT(A) also emphasized that personal preferences or lifestyle choices of an assessee, even if aligned with his reputation as a successful developer, do not justify depreciation under the law. Depreciation is available only for assets used in the business and not for personal enjoyment. The fact that the cars were included in the fixed assets schedule in earlier years or that depreciation had been claimed in the returns did not automatically validate the claim. If cars were used mainly for personal purposes, the depreciation claim could not be allowed irrespective of their inclusion in the books.

9.5 The learned CIT(A) therefore concluded that the assessee's submissions were speculative and based on indirect claims linking cars to business purposes. No clear evidence had been brought on record to establish that the cars were actually used in business operations such as site visits, client meetings, or other revenue-generating activities. Accordingly, the depreciation claim was disallowed.

9.6 In support of this conclusion, the Id. CIT(A) relied on judicial precedent. He referred to the judgment of the Hon'ble Madras High Court in *CIT v. Chitram & Co. (P) Ltd. [1991] 55 Taxman 70*, where it was held that in cases where cars are used partly for business and partly for non-business purposes, full depreciation cannot be allowed under section 38(2) of the Act.

9.7 The learned CIT(A) also rejected the argument regarding block of assets, holding that user test under section 32 of the Act requires actual use for business. An asset not used for business cannot qualify merely because it is part of the block. It was held that if the assessee version is accepted then it would give rise to anomalous situation where any assets not put to use during year or used for personal purpose will automatically qualify for depreciation once the same included in the

block of the WDV. Therefore, the assessee version is not as per law. In addition, the learned CIT(A) found that there were 3 cars in relation to which expenses were disallowed. The year under is the very first year of claim for Mini Cooper and second year of claim for Aston Martin.

9.8 Hence, the learned CIT(A) held that since assessee failed to prove predominant business use, depreciation and related expenses of ₹57,79,069/- disallowed by the AO was proper and justified.

10. Being aggrieved by the order of the learned CIT(A), the assessee is in appeal before us.

11. The learned AR before us filed paper book running from pages 1 to 404, synopsis of submission, case law compilations and other relevant documents which are available on record. The learned AR submitted that the disallowance of depreciation and expenses on luxury cars was unjustified and against the facts of the case. He argued that sections 32 and 37 of the Act do not distinguish between luxury cars and other vehicles, nor do they put any limit on the number of cars that can be used in business. The only condition is that the expenditure should not be of a personal nature and must relate to the purpose of business.

11.1 The Id. AR contended that the search team had wrongly presumed that luxury cars were used for personal enjoyment, without appreciating that in modern business practice such cars are often acquired and used as tools for branding and prestige. The Id. AR emphasized that the assessee had consistently used these cars to develop and promote the "Bren" brand, both through the "Bren" logo and the "Bren Garage" branding. The assessee's passion for cars was directly aligned with his business, and the cars were displayed in public events, high net-worth client meetings, and exhibitions, which helped in enhancing the visibility and credibility of Bren Corporation.

11.2 It was also submitted that the assessee is a well-known real estate developer with more than 25 years of experience, and his reputation for quality projects went hand-in-hand with his ownership of luxury cars. This reputation, burnished through ownership and display of cars, had added to his credibility with customers and creditors. Thus, the Id. AR argued, the cars were not for personal pleasure but were integral to the assessee's business strategy.

11.3 The Id. AR placed reliance on case laws where brand-building expenditure was accepted as business expenditure. He cited the ruling of the Hon'ble Madras High Court in *MRF Ltd. reported in 128 taxmann.com 21*, where expenses on setting up a pace foundation were allowed under section 37(1) because they contributed to brand promotion. Similarly, the Hon'ble Karnataka High Court in *Infosys Technologies* reported in 360 ITR 714 and *Kanhaiyalal Dudharia reported in 418 ITR 410* had accepted expenses incurred for non-traditional branding and goodwill as allowable business expenditure. On this basis, the Id. AR argued that showcasing luxury cars with the Bren brand name clearly fell within the realm of legitimate business expenditure.

11.4 The Id. AR further pointed out that the cars were reported in the fixed asset schedule of the assessee's income-tax returns every year and depreciation was claimed consistently. The Department had accepted these claims in earlier scrutiny assessments, and hence, it was not open to the Revenue to take a different stand now. He argued that in the absence of any evidence showing personal use, the provisions of section 38(2) relating to mixed use did not apply. Since the assessee had shown exclusive business use, the disallowance could not be sustained.

11.5 The learned AR also referred to the Hon'ble Supreme Court ruling in *Eastern Investments Ltd. reported in 20 ITR 1* to argue that it is not necessary that every business expenditure must directly result in immediate income or profit; it is sufficient if the expenditure helps in brand building and long-term business advantage.

11.6 Finally, the learned AR submitted that the findings of the CIT(A) that no clear evidence was produced was incorrect because photographs of cars with the Bren logo, social media records, and other supporting material were already placed in the paper book. He stressed that the assessee's Instagram account with more than one million followers was itself evidence that the cars had been used for brand promotion and business visibility. Therefore, the disallowance of depreciation and expenses was liable to be deleted.

11.7 Furthermore, the learned AR on legal grounds submitted that the entire addition made by the AO was without any legal foundation because no incriminating material was seized during the course of search. He argued that in search assessment taxation must be based strictly on law and evidence, and not on mere assumptions or admissions. In the present case, the AO relied solely on the sworn statement of the assessee, without producing any corroborative material.

11.8 The Id. AR stressed that the search team did not seize any document or material to show that the luxury cars were used for personal purposes. On the contrary, the only source of information regarding the cars was the assessee's own books of account, which had already formed the basis for filing income tax returns in earlier years. Books of account regularly maintained cannot be treated as incriminating material. In support of this proposition, reliance was placed on the

judgment of the Delhi High Court in *PCIT v. Param Diary Ltd.* (ITA No. 37/2021, dated 15.02.2021).

11.9 He further contended that the sworn statement recorded during the search was obtained under coercive circumstances. The assessee was made to witness physical and verbal abuse of his senior staff, and he was told that proceedings would not be concluded unless he admits the disallowance. Such a statement, obtained under duress, could not be the basis for an addition. The Id. AR also highlighted that as per the Panchanama, the search continued until 1:30 a.m. on 11.02.2017, which showed the high-pressure environment in which the statement was recorded.

11.10 The learned AR pointed out that the AO misinterpreted the assessee's statement. The assessee had stated that the cars were used for both business and personal purposes, but nowhere he had admitted that the cars were not used for business at all. The AO incorrectly concluded that the assessee agreed to disallow the entire amount of ₹5.46 crores, which was not the case.

11.11 He reiterated that additions under section 153A of the Act must be based on incriminating materials found during the search. Various Hon'ble Courts have consistently held that a sworn statement, without corroboration, is insufficient. Reliance was placed on several rulings, including:

- *R.J. Corp. Ltd. v. CIT* (147 Taxmann 61)
- *Oxygen Business Park (P) Ltd. v. PCIT* (157 Taxmann 175)
- *Harjeev Aggarwal v. CIT* (Delhi HC, 241 Taxman 199)
- *Naresh Kumar Agarwal v. CIT* (Andhra Pradesh HC, 53 Taxmann.com 306)

- *Ramachandra Setty & Sons v. ITO* (163 Taxmann 666)
- *Best Infrastructure (India) Pvt. Ltd. v. PCIT* (84 Taxmann.com 287)
- *CIT v. Rakesh Ramani* (256 Taxman 299)
- *P. Balasubramanian v. CIT* (33 Taxmann.com 130)
- *Suzlon Energy Ltd. v. DCIT* (32 Taxmann.com 349)

11.12 Thus, the Id. AR concluded by submitting that in the present case there was no incriminating material whatsoever in relation to the assessment years under consideration was found during the assessment proceedings. The only basis of addition was a coerced statement, which had no evidentiary value in law. Therefore, the addition made by the AO deserved to be deleted on purely legal grounds.

12. On the contrary, the learned DR submitted that during the search conducted on 10/02/2017, a statement under section 132(4) of the Act was recorded from the assessee. In this statement, the assessee voluntarily admitted that a sum of ₹5.46 crores relating to the period from AY 2012-13 to AY 2017-18 represented expenses incurred on luxury cars, including finance charges, insurance, repairs, maintenance, and depreciation. These expenses were booked in the accounts of Bren Corporation, a real estate concern. The learned DR pointed out that this admission was again confirmed by the assessee in a later statement recorded under section 131 of the Act on 13/02/2017.

12.1 He further argued that once such a categorical admission was made and re-confirmed, the assessee did not retract his statement for nearly 13 months, until the return of income was filed on 06/03/2018. Therefore, the addition made by the AO was correct. The Id. DR relied

on the ruling of the Hon'ble Supreme Court in *Roshan Lal Sanchiti v. PCIT* (150 taxmann.com 228) and the decision of the Hon'ble Rajasthan High Court in *Roshan Lal Sanchiti v. PCIT* (150 taxmann.com 27), which held that such admissions made voluntarily during search proceedings carry strong evidentiary value unless properly retracted with proof.

12.2 On merits also, the learned DR submitted that the assessee's plea that luxury cars were used for branding of business is not acceptable. The assessee is in the business of real estate construction and sale of housing and commercial projects and not in the business of trading or dealing in luxury cars. No prudent buyer of houses or commercial property would decide to purchase real estate property based on the assessee's ownership or display of luxury cars. Thus, there is no real business connection between luxury car expenses and the assessee's real estate activities.

12.3 The learned DR also contended that the assessee had failed to produce any concrete evidence to establish business expediency of owning or using such luxury cars. The burden was on the assessee to prove that these cars were used only for business, but no such proof was furnished. Hence, the addition made by the AO was rightly confirmed by the Id. CIT(A).

12.4 Finally, the learned DR submitted that the case laws cited by the learned AR of the assessee are not relevant to the facts of this case, as those cases dealt with different situations where expenditure had a clear nexus with business promotion. Here, the assessee's luxury cars cannot be considered as tools for business promotion. Therefore, the Id. DR prayed that the addition made by the AO be sustained.

13. We have heard the rival contentions of both the parties and perused the materials available on record. The assessee is a real-estate

developer. He claimed depreciation and related outgo (finance charges, insurance, repairs, maintenance) on certain cars that were branded and showcased as part of the "Bren / Bren Garage" identity. The record shows these cars bore the Bren marks, were displayed publicly, and were used in high net worth individual/client meetings and on social media for brand positioning.

13.1 At the outset, we note that business promotion and brand building can take diverse forms depending on the nature of the business. Modern businesses adopt innovative methods to position their products, and in the case of a real estate developer, brand visibility and reputation are of paramount importance. The assessee explained that the luxury cars were not for personal pleasure but were integral to his marketing strategy, having been used in high net-worth client meetings, public events, and social media branding with the "Bren" and "Bren Garage" logos prominently displayed. We find force in this argument, particularly when it is shown that the assessee's reputation and brand image are interlinked with these promotional methods.

13.2 Secondly, it is an admitted fact that these cars formed part of the block of assets and their written down value (WDV) has been carried forward from earlier years. Once an asset is part of a block, depreciation is allowable on the block as a whole. In holding so, we draw support and guidance from the judgment of Hon'ble Delhi High court in the case of *CIT v. Oswal Agro Mills Ltd.* reported in 341 ITR 467 wherein it was held as under:

29. *As per amended section 32, deduction is to be allowed - "In the case of any block of assets, such percentage on the written down value thereof as may be prescribed". Thus, the depreciation is allowed on block of assets, and the revenue cannot segregate a particular asset therefrom on the ground that it was not put to use.*

30. *With the aforesaid amendment, the depreciation is now to be allowed on the written down value of the 'block of assets' at such percentage as may be*

prescribed. With this amendment, individual assets have lost their identity and concept of 'block of assets' has been introduced, which is relevant for calculating the depreciation. It would be of benefit to take note of the Circular issued by the revenue itself explaining the purpose behind the amended provision. The same is contained in CBDT Circular No. 469, dated 23-9-1986, wherein the rationale behind the aforesaid amendment is described as under:

31. *It becomes manifest from the reading of the aforesaid Circular that the Legislature felt that keeping the details with regard to each and every depreciable assets was time consuming both for the assessee and the Assessing Officer. Therefore, they amended the law to provide for allowing of the depreciation on the entire block of assets instead of each individual asset. The block of assets has also been defined to include the group of assets falling within the same class of assets.*

13.3 Furthermore, in our considered opinion, the WDV cannot be disturbed in subsequent years unless the claim of the assessee made in the first year is disturbed. In earlier years, the Department had accepted the assessee's claim of depreciation and expenses on such kind of luxury cars in regular scrutiny assessments. It is a settled principle that consistency must be maintained unless there is a clear finding of change in facts or law, which is not the case here. Therefore, in considered view the claim of depreciation in subsequent year cannot be disallowed. In holding so, we draw support and guidance from the judgment of Ahmedabad Bench of ITAT in the case of Bodal Chemicals vs. ADIT reported in 112 taxmann.com 217 wherein it was held as under:

10. *Now, the issue arises whether the Revenue can deny the deduction claimed by the assessee on the written down value in the year under consideration. In our view, the answer stands in favour of the assessee. It is because, the revenue once allowed the deduction for the depreciation claimed by the assessee, then it is debarred to reject the claim of the assessee in the subsequent year on the WDV carried forward from the earlier assessment year. As such, in our considered view the Revenue was required to disturb the claim of the assessee in the 1st year itself. Therefore, we are of the view that claim of the assessee should be allowed on the basis of principles of consistency. In this regard we find support and guidance from the judgment of Hon'ble Supreme Court in the case of CIT v. Excel Industries Ltd. [2013] 38 taxmann.com 100/219 Taxman 379/358 ITR 295 wherein it was held as under:*

13.4 Thirdly, we also note that in the case of the assessee's sister concern, identical claims of depreciation on similar cars were accepted

by the Department. This further strengthens the assessee's contention that such expenditure is in the normal course of his business promotion and not for personal purposes.

13.5 Therefore, on the facts of the case, we hold that the ownership and use of the cars by the assessee cannot be treated as personal indulgence but rather as a part of his brand-building exercise. Once the Department had accepted the claim in earlier years and in a sister concern, there was no justification for disallowance in the present year.

13.6 On the legal issue also, the assessee deserves to succeed. It is an undisputed fact that no incriminating material was found during the search to establish that the cars were used for personal purposes. The entire disallowance has been made on the strength of a statement recorded under section 132(4) of the Act, which was later reiterated under section 131 of the Act. However, the law is well-settled by the Hon'ble Supreme Court in *Abhisar Buildwell Pvt. Ltd.* reported in 149 taxmann.com 257 that in search assessments under section 153A of the Act, no addition can be made without the existence of incriminating material pertaining to the completed or unabated assessment year. In the present case, the year under consideration falls under category of unabated assessment and no such material has been brought on record. The assessee's own books of account, regularly maintained and already disclosed, cannot be treated as incriminating.

13.7 It is also a consistent view of the High Courts that a statement recorded during search, without corroboration, has limited evidentiary value and cannot, by itself, justify additions. In this case, there was no corroborative evidence found by the search team to support the alleged admission. Thus, the addition fails even on this count.

13.8 Therefore, considering the facts in totality, including the innovative methods of brand promotion adopted by the assessee, the acceptance of similar claims in earlier assessments and in the case of the sister concern, and the settled legal position that no addition can be made without incriminating material, we hold that the disallowance of depreciation and expenses on luxury cars is not justified either on facts or in law. Accordingly, we allow the appeal of the assessee and direct the Assessing Officer to delete the disallowance made by him.

14. In the result appeal of the assessee is hereby partly allowed.

Coming to ITA No. 706/Bang/2024, appeal by the assessee for A.Y. 2014-15

15. The assessee in the memo of appeal has raised as many as 8 grounds of appeal which are adjudicated here under

16. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.

17. The issue raised through Ground No. 6 of the appeal pertains to the non-fulfilment of satisfaction for making the assessment in pursuance to search as prescribed under section 132 of the Act. However, we note the same has not been pressed by the assessee. Hence, the impugned ground is hereby dismissed as not pressed.

18. The issue raised by the assessee though Ground Nos. 2 to 5 and 7 to 8 are interconnected challenging the disallowances of depreciation and expenses on cars on merit as well as on technical grounds.

18.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2014-15 are identical to the issue raised by

the assessee in ITA No. 705/Bang/2025 for the assessment year 2013-14. Therefore, the findings given in ITA No. 705/Bang/2025 shall also be applicable for the assessment years 2014-15. The appeal of the assessee for the A.Y. 2013-14 has been decided by us vide paragraph No. 13 to 13.8 of this order in favour of the assessee. The learned AR and the DR also agreed that whatever will be the findings for the assessment year 2013-14 shall also be applied for the assessment years 2014-15. Hence, the ground of appeal filed by the assessee is hereby allowed.

19. In the result the appeal of the assessee is hereby partly allowed.

Coming to ITA No. 707/Bang/2024, assessee appeal for A.Y. 2015-16

20. In the memo of the appeal the assessee has raised as many as 9 grounds of appeal which are adjudicated hereunder.

21. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.

22. The issue raised by the assessee though Ground Nos. 2 to 5 and 8 to 9 are interconnected challenging the disallowances of depreciation and expenses on cars on merit as well as on technical grounds.

22.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2015-16 are identical to the issue raised by the assessee in ITA No. 705/Bang/2025 for the assessment year 2013-14. Therefore, the findings given in ITA No. 705/Bang/2025 shall also be applicable for the assessment years 2015-16. The appeal of the assessee for the A.Y. 2013-14 has been decided by us vide paragraph No. 13 to 13.8 of this order in favour of the assessee. The learned AR and the DR also agreed that whatever will be the findings for the assessment year

2013-14 shall also be applied for the assessment years 2015-16. Hence, the ground of appeal filed by the assessee is hereby allowed.

23. The issue raised by the assessee through Ground No. 6 of the assessee appeal pertain to correct credit of taxes paid.

24. The relevant facts are that the assessee before the learned CIT(A) raised a ground that the AO in arriving the tax liability has not correctly considered the prepaid taxes paid through advance tax, TDS and self-assessment tax.

24.1 The learned CIT(A) considered the argument of the assessee and held the issue of providing the credit of prepaid taxes are factual matter. Hence the learned CIT(A) directed the AO to examine the claim and allow the same if found correct.

25. Being aggrieved by the order of the learned CIT(A), the assessee is in appeal before us.

25.1 The learned AR before us requested for the similar direction as issued by the learned CIT-A.

25.2 On the other hand, the Id. DR before us vehemently supported the order of the authorities below.

26. We have carefully considered the facts on record. The assessee had raised a ground before the learned CIT(A) that while computing the tax liability, the AO had failed to grant correct credit of prepaid taxes in the form of advance tax, TDS and self-assessment tax. The learned CIT(A) after examining the contention, rightly observed that grant of credit for prepaid taxes is a matter of factual verification. Accordingly, he directed the AO to verify the claim and allow the credit as per law, if found correct. We find no infirmity in such direction, as it is in line with the statutory scheme and ensures that the assessee gets due credit for taxes already paid. Therefore, the finding of the learned CIT(A) is

confirmed, and the AO is direct to provide correct credit of prepaid taxes. Hence, the ground of appeal of the assessee is hereby allowed in terms of the above direction.

27. The issue raised through Ground No. 7 of the appeal pertains to the non-fulfilment of satisfaction for making the assessment in pursuance to search as prescribed under section 132 of the Act. However, we note the same has not been pressed by the assessee. Hence, the impugned ground is hereby dismissed as not pressed.

28. In the result appeal of the assessee is hereby partly allowed.

Coming to ITA No. 708/Bang/2024 by the assessee for A.Y. 2016-17

29. In the memo of the appeal the assessee has raised as many as 9 grounds of appeal which are adjudicated hereunder.

30. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.

31. The issue raised by the assessee though Ground Nos. 2 to 5 and 8 to 9 are interconnected challenging the disallowances of depreciation and expenses on cars on merit as well as on technical grounds.

31.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2016-17 are identical to the issue raised by the assessee in ITA No. 705/Bang/2025 for the assessment year 2013-14. Therefore, the findings given in ITA No. 705/Bang/2025 shall also be applicable for the assessment years 2016-17. The appeal of the assessee for the A.Y. 2013-14 has been decided by us vide paragraph No. 13 to 13.8 of this order in favour of the assessee. The learned AR and the DR also agreed that whatever will be the findings for the assessment year

2013-14 shall also be applied for the assessment years 2016-17. Hence, the ground of appeal filed by the assessee is hereby allowed.

32. The issue raised by the assessee through Ground No. 6 of the assessee appeal pertain to correct credit of taxes paid.

32.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2016-17 are identical to the issue raised by the assessee in ITA No. 707/Bang/2025 for the assessment year 2015-16. Therefore, the findings given in ITA No. 707/Bang/2025 shall also be applicable for the assessment years 2016-17. The appeal of the assessee for the A.Y. 2015-16 has been decided by us vide paragraph No. 26 of this order in favour of the assessee subject to verification. The learned AR and the DR also agreed that whatever will be the findings for the assessment year 2015-16 shall also be applied for the assessment years 2016-17. Hence, the ground of appeal filed by the assessee is hereby allowed subject to verification.

33. The issue raised through Ground No. 7 of the appeal pertains to the non-fulfilment of satisfaction for making the assessment in pursuance to search as prescribed under section 132 of the Act. However, we note the same has not been pressed by the assessee. Hence, the impugned ground is hereby dismissed as not pressed.

34. In the result of the assessee is hereby partly allowed.

Coming to ITA No. 709/Bang/2024, assessee appeal for A.Y. 2018-19

35. In the memo of the appeal the assessee has raised as many as 6 grounds of appeal which are adjudicated hereunder.

36. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.

37. The first issue raised by the assessee is that the learned CIT(A) erred in confirming the addition of ₹22,92,766/- on account of cessation of liability under section 41(1) of the Act.

38. The Assessing Officer during the assessment proceedings found that the assessee had been showing an outstanding liability amounting to ₹22,92,766/- in the name of M/s. Zachariah Consultants for the last many years. There were no fresh transactions in recent years. The assessee also failed to furnish confirmation from the said party. Thus, the AO was of the view that the liability had ceased to exist. He brought the same to tax under section 41(1) of the Act.

39. On appeal, the learned CIT(A) confirmed the order of the AO.

40. Being aggrieved by the order of learned CIT-A, the assessee is in appeal before us.

41. The learned AR before us submitted that the liability in the books of account was never written off by the assessee. The assessee continued to reflect the amount as payable in its balance sheet. It is settled law that unless the assessee has obtained any benefit by way of remission or cessation of liability, section 41(1) cannot be invoked.

41.1 The Id. AR further argued that mere non-payment of the liability for a long period cannot be treated as cessation. Unless there is evidence to show that the creditor has waived or the assessee has written back the liability, no addition can be made.

41.2 The AR also submitted that the assessee had never written off the liability and the same continues in the books. Therefore, there is no remission or cessation. The addition made under section 41(1) is unjustified and needs to be deleted.

42. On the other hand, the learned DR supported the order of the AO and CIT(A). He submitted that the liability is standing in the books for many years without any payment. The assessee also failed to produce confirmation from the creditor. In these circumstances, the AO was justified in holding that the liability has ceased. The Id. DR argued that the addition was rightly made under section 41(1) of the Act.

43. We have heard both the parties and perused the records. The AO made addition on the ground that the liability in the name of M/s. Zachariah Consultants is outstanding for many years and no confirmation was filed. The Id. CIT(A) confirmed the same.

43.1 We find that section 41(1) of the Act applies only when the assessee has obtained a benefit in respect of trading liability by way of remission or cessation. In the present case, the assessee has not written off the liability. It continues to be reflected in the balance sheet. There is no evidence on record that the creditor has waived the liability. Therefore, the conditions of section 41(1) are not satisfied. Mere non-payment for a long period or failure to file confirmation is not sufficient to infer cessation. Hence, considering the facts, we hold that the addition of ₹22,92,766/- made by the AO and confirmed by the CIT(A) is not sustainable. Accordingly, we allow the ground of the assessee and direct the AO to delete the addition. Hence, the ground of appeal of the assessee is hereby allowed.

44. The 2nd issue raised by the assessee is that the learned CIT-A erred in confirming the order of the AO while sustaining the disallowance made under the provisions of section 40(a)(ia) of the Act.

45. The assessee during the year made payments to Google India Pvt. Ltd., (Rs. 1,24,19,699.00) Gupshup Technologies Pvt. (Rs.

2,10,000.00) Ltd., and Maxheap Technologies Pvt. (Rs. 1,00,000.00) Ltd. during AY 2018-19. These payments were claimed for the use of automated online platforms such as Google AdWords. The services were availed directly by the assessee on a self-service basis. Accordingly, the assessee claimed that it neither fall under advertising contract nor constitute technical services.

45.1 However, the AO held that the assessee was required to deduct tax at source either under section 194C or 194J of the Act, but the assessee failed. Hence, the AO disallowed Rs. 38,18,910/- being 30% of Rs. 1,27,29,699/- of the impugned expenses under section 40(a)(ia) of the Act and added to the total income of the assessee.

46. Before the Id. CIT-A, the assessee argued that the payments were not covered under section 194C or 194J of the Act. The assessee argued that section 194C applies only where a person pays another to "carry out any work" under a contract. In this case, the assessee is not paying Google India to perform work but is merely using an automated online advertising platform on a pay-per-click basis. Google India Pvt. Ltd. is not involved in executing or carrying out any specific work for the assessee; instead, the assessee himself creates and manages ads through Google's automated system. Hence, the fundamental condition of section 194C is not satisfied.

46.1 Likewise, the provision of section 194J applies only to payments for technical or professional services, which must involve a human element. Automated processes like AdWords, where advertisements are displayed without human involvement, cannot be classified as "technical services." The assessee is simply using a *standard facility* provided by Google, and not availing any customised technical expertise. In support the assessee placed reliance on several judicial decisions.

46.2 The Id. CIT(A), however, confirmed the disallowances made by observing as under:

6.2 The grounds of appeal, the submissions made by the appellant, and the material available on record have been carefully considered. Based on the appellant's submissions regarding Google Ads payments, it is noted that Google Ads acts as an intermediary, helping clients create and advertise on the Google search engine. Through Google AdWords, users can create online ads to individuals who are specifically interested in the products and services. The definition of Google Ads, as per its website, is as follows:

- Google AdWords is a product designed to promote businesses, sell products or services, raise awareness, and increase website traffic.*
- Google AdWords accounts are managed online, allowing users to create and modify ad campaigns at any time, including ad text, settings, and budget.*
- There is no minimum spending commitment, and users have control over their own budgets. Users can choose where their ads appear, set a budget that suits them, and easily measure the impact of their ads.*

A review of this information reveals that there is an element of "carrying out any work" involved in the services provided by Google Ads. Consequently, payments for these services are governed by the provisions of Section 194C of the Income Tax Act. The appellant's reliance on Circular No. 715, dated 8-8-1995, does not support their case. This circular clarifies that payments made to advertising agents are covered under Section 194C, rather than payments made directly to the media. In the current case, it is clear that payments have been made, as per the appellant's own submission, to Google AdWords, which functions as an agency.

6.3 The appellant further submits that payments made to Gupshup Technologies Pvt. Ltd. and Maxheap Technologies Pvt. Ltd. are similar to those made to Google AdWords. However, it is noted that Gupshup Technologies provides a conversational tool (ChatBot) and Maxheap Technologies Pvt. Ltd. develops real estate web applications and offers property details to real estate buyers. Both of these entities, therefore, qualify as "carrying out any work" and payments to them are governed by Section 194C.

47. Being aggrieved by the order of the Id. CIT-A, the assessee is in appeal before us.

48. The learned AR before us submitted that the payments were made for standard online platforms like Google Ads. These were availed directly by the assessee on self-service basis. No human interface or specialised service was provided. Hence, it cannot be classified as "technical services" under section 194J or "advertising contract" under

section 194C of the Act. The AO made the disallowance without granting a proper hearing. This violates natural justice. Reliance was placed on:

- **Right Florists (P.) Ltd. v. ITO** (32 taxmann.com 99)
- **Skycell Communications Ltd. v. DCIT** (119 Taxman 496)
- **Play Games 24X7** (148 taxmann.com 471)
- **Urban Ladder (IT(IT)A No. 615-620/Bang/2020)**

48.1 It was argued that the CIT(A) also failed to consider the detailed explanation submitted before him during the proceedings. The AR prayed that the disallowance be deleted.

49. On the other hand, the learned DR supported the orders of the AO and CIT(A). He submitted that the payments were in the nature of advertisement expenses through Google and similar platforms. Such payments fall within the ambit of section 194C or 194J of the Act. The assessee was under statutory duty to deduct TDS. Failure to do so attracts section 40(a)(ia) of the Act. The assessee cannot take shelter under the plea of automation. The payments are still for services, and the law does not exempt such cases. The orders of AO and CIT(A) are correct and should be upheld.

50. We have heard the rival contentions of both the parties and perused the material available on records. The issue for adjudication is whether payments made by the assessee towards Google AdWords and similar service providers are liable for deduction of tax at source under section 194C of the Act.

50.1 The appellant contended that Google Ads merely provides a standard facility of online advertisement placement, where the assessee

independently creates advertisements and pays only on the basis of clicks generated. It was submitted that the entire process is automated and does not involve any human intervention or customised service, and therefore such payments cannot be brought within the scope of "carrying out any work" under section 194C, nor as "technical services" under section 194J of the Act.

50.2 On perusal of the facts, it is noticed that Google AdWords is a product designed to promote business, increase visibility, and generate traffic through the Google search engine. The accounts are managed online by users who can create, modify, and monitor their campaigns as per their own requirements. There is no minimum commitment, and the advertiser retains full control over budget, placement, and performance measurement. Thus, Google Ads acts as an intermediary platform enabling clients to advertise.

50.3 However, a close review also indicates that the service provided is not in the nature of merely giving access to a facility. There is an element of "carrying out work" as envisaged under section 194C of the Act. The advertisement process through Google AdWords involves creating and publishing advertisements across different digital spaces, which falls within the broader ambit of work carried out for consideration. Reliance placed by the assessee on CBDT Circular No. 715 dated 08.08.1995 is misplaced. The said circular clarifies that payments made to advertising agents are covered under section 194C of the Act, whereas direct payments to media houses may be outside its purview. In the present case, Google AdWords functions as an advertising agency and not as mere media. Accordingly, payments to Google are liable to deduction of tax under section 194C of the Act.

50.4 Further, with regard to payments made to Gupshup Technologies Pvt. Ltd. and Maxheap Technologies Pvt. Ltd., it is evident that these entities are engaged in developing and providing specific solutions such as conversational tools, chatbots, and real estate applications which disseminate information to potential buyers. Such activities clearly amount to "carrying out work" on behalf of the assessee. Therefore, payments made to them are also covered by the provisions of section 194C.

50.5 Before parting we also note the case law relied on by the learned AR are distinguishable from the facts involve in the present case. In those cases, dispute revolving around non-deduction of withholding tax under section 195 of the Act on payment made to foreign companies not having PE India.

50.6 In light of the above discussion, we are of the considered view that payments made to Google AdWords, Gupshup Technologies Pvt. Ltd., and Maxheap Technologies Pvt. Ltd. are subject to deduction of tax at source under section 194C of the Act. The grounds of appeal raised by the assessee on this issue are, therefore, dismissed.

51. The issue raised by the assessee though Ground Nos. 4 to 6 are interconnected challenging the disallowances of depreciation and expenses on cars on merit.

51.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2018-19 are identical to the issue raised by the assessee in ITA No. 705/Bang/2025 for the assessment year 2013-14. Therefore, the findings given in ITA No. 705/Bang/2025 shall also be applicable for the assessment years 2018-19 except for the finding given on legal argument with respect to unavailability of incriminating material

pertaining to unabated or completed assessee as the year under consideration is not covered under search assessment. The appeal of the assessee for the A.Y. 2013-14 has been decided by us vide paragraph No. 13 to 13.8 of this order in favour of the assessee. Para 13 to 13.5 of the said finding is relevant to issue raised in the year consideration. The learned AR and the DR also agreed that whatever will be the findings for the assessment year 2013-14 shall also be applied for the assessment years 2018-19. Hence, the ground of appeal filed by the assessee is hereby allowed.

52. In the result appeal of the assessee is hereby partly allowed.

Coming to ITA No. 710/Bang/2024 appeal by the assessee for A.Y. 2020-21

53. In the memo of the appeal the assessee has raised as many as 5 grounds of appeal which are adjudicated hereunder.

54. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.

55. The issue raised by the assessee through Ground No. 2 (A) of the appeal is that pertain to addition made on account of cessation of liability for Rs. 33,94,500/-

55.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2020-21 are identical to the issue raised by the assessee in ITA No. 709/Bang/2025 for the assessment year 2018-19. Therefore, the findings given in ITA No. 709/Bang/2025 shall also be applicable for the assessment years 2020-21. The appeal of the assessee for the A.Y. 2018-19 has been decided by us vide paragraph No. 43 of this order in favour of the assessee. The learned AR and the DR also

agreed that whatever will be the findings for the assessment year 2018-19 shall also be applied for the assessment years 2020-21. Hence, the ground of appeal filed by the assessee is hereby allowed.

56. The issue raised by the assessee through Ground No. 2 (B) of the appeal is that pertain to addition made on account non deduction of tax on source on payment of Google India Pvt Ltd.

56.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2020-21 are identical to the issue raised by the assessee in ITA No. 709/Bang/2025 for the assessment year 2018-19. Therefore, the findings given in ITA No. 709/Bang/2025 shall also be applicable for the assessment years 2020-21. The appeal of the assessee for the A.Y. 2018-19 has been decided by us vide paragraph No. 50 of this order in favour of the assessee. The learned AR and the DR also agreed that whatever will be the findings for the assessment year 2018-19 shall also be applied for the assessment years 2020-21. Hence, the ground of appeal filed by the assessee is hereby allowed.

57. The issue raised by the assessee through Ground No. 3 of the appeal pertain to addition of Rs. 42,48,130/- on account of non-deduction of equalization levy on payment to Facebook.

57.1 At the outset we note impugned has not been pressed by the learned AR on direction of the assessee. Hence, we dismiss the ground of appeal of the assessee as not pressed.

58. The issue raised by the assessee though Ground Nos. 4 & 5 are interconnected challenging the disallowances of depreciation and expenses on cars on merit.

58.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2020-21 are identical to the issue raised by the assessee in ITA No. 705/Bang/2025 for the assessment year 2013-

14. Therefore, the findings given in ITA No. 705/Bang/2025 shall also be applicable for the assessment years 2020-21 except for the finding given on legal argument with respect to unavailability of incriminating material pertaining to unabated or completed assessee as the year under consideration is not covered under search assessment. The appeal of the assessee for the A.Y. 2013-14 has been decided by us vide paragraph No. 13 to 13.8 of this order in favour of the assessee. Para 13 to 13.5 of the said finding is relevant to issue raised in the year under consideration. The learned AR and the DR also agreed that whatever will be the findings for the assessment year 2013-14 shall also be applied for the assessment years 2020-21. Hence, the ground of appeal filed by the assessee is hereby allowed.

59. In the result appeal of the assessee is hereby partly allowed.

Coming to ITA No. 711/Bang/2024, assessee appeal for A.Y. 2021-22

60. In the memo of appeal, the assessee has raised as many as 4 grounds of appeal which are adjudicated here under.

61. The Ground No. 1 of the assessee's appeal is general in nature which does not require any separate adjudication. Hence the same is being dismissed as infructuous.

62. The issue raised by the assessee though Ground Nos. 2 & 4 of the appeal pertains to disallowances of depreciation and expenses on cars.

62.1 At the outset, we note that the issues raised by the assessee in its grounds of appeal for the AY 2021-22 are identical to the issue raised by the assessee in ITA No. 705/Bang/2025 for the assessment year 2013-14. Therefore, the findings given in ITA No. 705/Bang/2025 shall also be applicable for the assessment years 2021-22 except for the finding given

on legal argument with respect to unavailability of incriminating material pertaining to unabated or completed assessee as the year under consideration is not covered under search assessment. The appeal of the assessee for the A.Y. 2013-14 has been decided by us vide paragraph No. 13 to 13.8 of this order in favour of the assessee. Para 13 to 13.5 of the said finding is relevant to issue raised in the year under consideration. The learned AR and the DR also agreed that whatever will be the findings for the assessment year 2013-14 shall also be applied for the assessment years 2021-22. Hence, the ground of appeal filed by the assessee is hereby allowed.

63. The issue raised by the assessee in ground No. 3 is that the learned CIT(A) erred in confirming the addition made by the AO for ₹63,000 as income under the head "House Property."

64. The AO during the assessment proceedings noticed that the assessee had shown rental receipts of ₹9,00,000/- from M/s Devyani International Ltd. However, as per Form 26AS, the actual rent receipts stood at ₹9,90,000.00 only. The AO, therefore, was of the view that there was under-reporting of income by ₹90,000 under the head "House Property." After giving the benefit of deduction under section 24 of the Act, the AO added a sum of ₹63,000 to the total income of the assessee.

65. On appeal, the learned CIT(A) confirmed the action of the AO by observing that the assessee failed to bring any material on record in support of the contention that the actual amount of rent receipts was ₹9,00,000 only.

66. Being aggrieved, the assessee is in appeal before us.

67. The learned AR submitted that the addition has been made only on the basis of mismatch between rent receipts declared by the assessee

and the rent reported in Form 26AS. He requested that the matter be set aside to the file of the AO for fresh adjudication and assured that necessary supporting documents will be furnished to reconcile the difference.

68. The learned DR, on the other hand, strongly supported the order of the lower authorities. However, he raised no objection if the matter is set aside to the file of the AO for fresh examination in accordance with law.

69. We have heard the rival submissions and perused the record. It is an admitted position that there is a mismatch between the rent income declared by the assessee and the rent reflected in Form 26AS. The assessee has acknowledged the difference and expressed readiness to provide supporting documents to reconcile the same.

69.1 In law, the primary onus to reconcile such differences lies on the assessee. At the same time, in the interest of justice and fair play, the assessee deserves an opportunity to substantiate the claim with proper evidence. Since, even the learned DR has no objection, we consider it appropriate to remit the matter back to the file of the AO. The AO shall verify the reconciliation and supporting evidence, and decide the issue afresh as per law after giving the assessee a reasonable opportunity of being heard to the assessee. Accordingly, the order of the learned CIT(A) is set aside. The issue is restored to the file of the AO for fresh adjudication. Thus, the ground of appeal of the assessee is allowed for **statistical purposes.**

70. In the result the appeal of the assessee is hereby partly allowed for statistical purposes.

71. In the combined result all the appeal of the assessee except for ITA No. 711/Bang/2025 are partly allowed in favour of the assessee where ITA No. 711/Bang/2025 is partly allowed for statistical purposes.

Order pronounced in court on 9th day of October, 2025

Sd/-

(NARENDER KUMAR CHODHRY)
Judicial Member

Sd/-

(WASEEM AHMED)
Accountant Member

Bangalore
Dated, 9th October, 2025

/ vms /

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore