

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCHES 'A': NEW DELHI.**

**BEFORE SHRIS.RIFAUR RAHMAN, ACCOUNTANT MEMBER  
and  
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

**ITA No.1324/Del/2024  
(Assessment Year: 2020-21)**

Anand Kumar Chaurasia,  
575, First Floor, Double Storey Flats,  
New Rajendra Nagar,  
New Delhi – 110 060.

vs.

DCIT, Circle 27,  
New Delhi.

**(PAN : AAIPC1441K)**

**ITA No.1734/Del/2024  
(Assessment Year: 2020-21)**

DCIT, Circle 27,  
New Delhi.

vs.

Anand Kumar Chaurasia,  
575, First Floor, Double Storey Flats,  
New Rajendra Nagar,  
New Delhi – 110 060.

**(PAN :AAIPC1441K)**

**(APPELLANT)**

**(RESPONDENT)**

ASSESSEE BY : Shri Rohit Jain, Advocate  
Ms. Tejasvi Jain, Advocate  
Shri Shivam Gupta, Advocate  
REVENUE BY : Shri Amit Jain, CITDR

Date of Hearing : 09.09.2025

Date of Order : 26.11.2025

**ORDER**

**PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :**

1. These cross appeals are filed by the Revenue and assessee against the order of the Learned Commissioner of Income-tax (Appeals)-29, New Delhi [“Ld. CIT(A)”, for short] dated 24.01.2024 for the Assessment Year 2020-21.
2. First we take up assessee’s appeal being ITA No.1324/Del/2024 for Assessment Year 2020-21.
3. At the time of hearing, ld. AR of the assessee brought to our notice the relevant facts, he submitted that for the impugned assessment year, return of income was filed by the assessee on 13.02.2021 declaring total income of Rs.87,30,27,840/- which inter alia, including long term capital gains of Rs.76,18,74,668/- on sale of diamonds. He submitted that subsequently, assessment proceedings were carried out under section 143(3) of the Income-tax Act, 1961 (for short ‘the Act’), being the year of search, which completed vide assessment order dated 30.09.2021 wherein the following additions/ alterations were made to assessee's returned income:

**Computation of Income by the Assessing Officer**

S. No.	Particulars	Section	Amount (in Rs.)
1	Returned income	-	Rs.87,30,27,840
2	LTCG declared on sale of diamonds derecognised	-	(76.18,74,668)
3	Sale consideration declared on sale of diamonds	68	82,67,44,250
4	Commission expenditure on sale of diamonds @ 0.18% of sale consideration	69C	14,88,140
5	Unexplained jewellery (Protective Basis)	-	2,05,13,354

- 3.1 He submitted that against the aforesaid assessment order, the assessee preferred an appeal before the Id. CIT(A), which was partly allowed vide impugned order dated 24.01.2024 wherein:
- (i) Addition of Rs.82,67,44,250/- under section 68 on account of sale of diamonds and consequential addition of Rs.14,88,140/- under section 69C on account of alleged commission expenditure was confirmed; and
  - (ii) Protective addition of Rs.2,05,13,134/- on account of unexplained jewellery was deleted.
- 3.2 He further submitted that against the aforesaid order passed by the Id. CIT(A), the assessee has preferred appeal on issues mentioned at S.No.(i) and Revenue is in appeal on issue listed at S.No.(ii).
- 3.3 In assessee's appeal, with regard to addition confirmed by the Id. CIT (A) mentioned at S.No.(i) regarding addition u/s. 68 of the Act of Rs.82,6744,250/- and addition u/s. 69C of Rs.14,88,140/-, he submitted that the assessee, Anand Kumar Chaurasia, is an individual, part of the Chaurasia Family. The assessee along with various members of the Chaurasia Family declared rough diamonds in their respective declaration(s) filed under the Income Disclosure Scheme, 2016 (IDS,

2016') and taxes due were paid thereon. The declaration(s) were duly accepted by the Id. PCIT and the same attained finality.

- 3.4 He further submitted that pertinently, the important financial affairs of the family, including the assessee, were handled by Shri Shashi Kant Chaurasia and important financial decisions in regard were majorly taken by Shri Shashi Kant Chaurasia. He submitted that Shri Shashi Kant Chaurasia, in the previous year relevant to assessment year 2017-18, got the entire rough diamonds of the family processed (cut, polished, etc.) and the processed diamonds belonging to the family members were later sold by Shri Shashi Kant Chaurasia to various diamond merchants in the previous years relevant to assessment years 2017-18 to 2021-22. Accordingly, the family members, in their respective income tax returns, declared long- term capital gains arising on sale of processed diamonds and paid tax thereon.
- 3.5 He further submitted that pursuant to search carried out on Kamla Pasand (KP) group of cases on 15.01.2020, all the cases of Chaurasia Family, including the assessee's, were centralized and assessments were completed under section 153A/ 153C/ 143 (3) of the Act. He submitted that pertinently, identical assessment orders were passed in the case of all the family members of the Chaurasia family, including the assessee and Shri Shashi Kant Chaurasia.

- 3.6 He submitted that in the impugned assessment for assessment year 2020-21, consideration received on account of sale of diamonds was treated as unexplained cash credit under section 68 and addition was also made on account of alleged commission under section 69C of the Act and identical addition was made in assessment years 2017-18 to 2019-20.
- 3.7 Ld. AR further submitted that the present issues are squarely covered by ITAT order dated 20.01.2025 in the lead case of assessee's relative, Shashi Kant Chaurasia vs. DCIT in ITA Nos.3844 & 3845/Del/2023 for AYs 2018-19 & 2019-20 wherein identical addition(s) i.e., (i) addition u/s. 68 qua sale consideration of diamonds and: (ii) addition u/s. 69C of the Act qua alleged commission expenditure, were deleted by the Tribunal and referred to pages 103 to 128 of the paper book which is the copy of the order dated 20.01.2025.
- 3.8 He further submitted that from the bare perusal of the decision of ITAT in case of Shri Shashikant Chaurasia, it becomes evident that all the aspects relevant to question of genuineness of the sale of diamonds made by the assessee in different AYs have attained finality and leaves no scope for any further ambiguity. The entire transaction starting from existence, to processing and subsequent sale of the diamonds have been examined by the Tribunal and on the basis of detailed submissions and contemporaneous evidences filed, have come to the conclusion that all

such relevant aspects have been proven beyond any doubt by the assessee in that case, Shri Shashikant Chaurasia. Further, he submitted that ITAT as in depth examined the Revenue's claim and the evidences including the relied upon statements adduced by the Revenue to support its claim and on such detailed enquiry have come to the conclusion that the claim of the Revenue holds no merit and also that they relied upon statements etc. it holds no evidentiary value in light of the cogent material evidences and submissions made by the assessee and other parties relevant to the transaction under examination.

- 3.9 He further submitted that as stated above, similar addition(s) under section 68 and 69C of the Act qua sale of diamonds and commission thereon were made in assessee's case(s) for earlier assessment year(s) 2017-18 to 2019-20. Subsequently, against the assessment order(s) for earlier assessment year(s) 2017-18 to 2019-20, the assessee preferred appeal(s) before the Id. CIT(A) which were dismissed ex parte vide separate order(s) dated 31.10.2023. He submitted that in appeal(s) against the order of the Id. CIT(A), the Tribunal vide consolidated order dated 21.08.2024 in ITA Nos.3842, 3843 & 3852/Del/2023, remanded the matter(s) back to the file of Id. CIT(A) and referred @ pages 1 to 8 of the paper book. He submitted that in consequence to the aforesaid order dated 21.08.2024 passed by the Tribunal, the Id. CIT(A), recently, vide

separate orders dated 17.06.2025 for assessment year(s) 2017- 18 to 2019-20, deleted the identical addition(s) made in assessee's case(s) following the order passed by the Tribunal in the case of Shashi Kant Chaurasia (supra).

- 3.10 In view of the above submissions, ld. AR submitted that the issues involved in the present appeal are squarely covered by the decision of the coordinate Bench of the Tribunal in the case of Sh. Shashi Kant Chaurasia (supra), the family member of the assessee. Accordingly, he prayed that the issues/ grounds raised in the present appeals may be allowed in favour of the assessee and impugned additions may be deleted.
4. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.
5. Considered the rival submissions and material available on record. We observe that the issues involved in the present appeal are squarely covered by the decision of the coordinate Bench of the Tribunal in the case of Shri Shashi Kant Chaurasia (supra), the family member of the assessee. For the sake of brevity, the findings of the ITAT in case of Shri Shashi Kant Chaurasia (supra), which are squarely applicable to the case of the assessee, are summarized hereunder:
- (i) The coordinate Bench held that the existence of rough diamonds cannot be doubted having regard to the declaration of the same in

IDS, 2016 being accepted by the Pr. CIT, coupled with the fact that the assessee had paid due taxes thereon. The Tribunal held that the IDS declaration is to be treated as conclusive proof of matters contained therein and is binding on all the parties including regulatory authorities. The Tribunal held that such declaration cannot be doubted by the Revenue in the light of the sovereign commitment given by the Government of India (refer paras 12 and 13);

- (ii) The coordinate Bench held that cutting, polishing, etc., of the rough diamonds by the job workers in Surat cannot be doubted having regard to the contemporaneous evidence placed on record including ITRs, proof of actual payments, confirmations, etc. of the job workers and particularly the confirmations/ responses directly filed by the parties in response to invoices issued under section 133(6) of the Act (refer paras 14, 15 and 22 to 25);
- (iii) The genuineness of sale of diamonds was upheld by the coordinate Bench having regard to -(a) uncontroverted evidence including invoices, confirmation directly filed by the parties, ledger accounts, stock registers, bank statements, ITRs, etc. (refer paras 16 and 17 of the Tribunal order): and (b) the diamonds being received as gift and kept in lockers, as confirmed by the family members in the various statements recorded (refer paras 18 and 19);
- (iv) The coordinate Bench rejected the allegation of the Revenue that the sale of diamonds is not genuine in light of the fact that the parties have directly responded to the assessing officer by furnishing direct reply/ evidences in response to notices issued

under section 133(6) of the Act and furnished documents such as confirming purchases of diamond/ ledger accounts with information of quantity and weight, stock registers, sale registers, list of sundry debtors, copy of ITR's computation, tax audit. financial statement, bank statement, etc. (refer paras 26 to 28);

- (v) The coordinate Bench noted that the purchasers were independent third parties and held that the assessee is not required to ascertain the financial capacities of the buyers as the assessee has not borrowed any loan nor any received any share capital/ premium but only the sale proceeds of diamonds (refer para 28);
- (vi) Reliance placed by the revenue upon the statements of Shri Singhvi and Shri Kawadia was rejected by the coordinate Bench in light of the fact that - (i) the Revenue has not bothered to verify whether there was any financial transaction between the assessee and the said parties; (ii) only selective portion of statement of the said parties was provided; and (iii) cross-examination was not allowed to the assessee. The Tribunal also noted that statements stood retracted and held that no credence could be given to the statement of the aforementioned two parties and no adverse inference could be drawn against the assessee therefrom (refer paras 30 to 32);
- (vii) Based on the aforesaid, it was concluded that there can be no doubt regarding the existence of rough diamonds, activity of processing/ cutting polishing the same and sale to third party buyers (paras 29 and 33);

(viii) The coordinate Bench held that gain on sale of diamonds is accepted as taxable long-term capital gain since entire holding period of the diamonds is to be considered, including the holding period of the previous owner in view of Explanation 1(i)(b) of section 2(42A) of the Act (refer paras 33 and 34);

(ix) In view of the above, the coordinate Bench had deleted the addition made by observing as under:

"35. In view of the aforesaid observations, we hold that the gains on sale of cut and polished diamonds is to be construed as LTCG which had already been offered to tax by the assessee in the return of income and the same cannot be treated as unexplained cash credit u/s 68 of the Act in the facts and circumstances of the instant case. Accordingly, the Ground Nos. 2 to 2.2. raised by the assessee are allowed".

(x) Since the sale proceeds of diamonds were held to be genuine, the coordinate Bench deleted the addition of commission made under section 69C of the Act (refer para 36).

6. Further we observe that in earlier assessment year(s) 2017-18 to 2019-20, the Tribunal vide consolidated order dated 21.08.2024 in ITA Nos.3842, 3843 & 3852/Del/2023, remanded the matter(s) back to the file of Id. CIT(A) and in consequence to the aforesaid order dated 21.08.2024 passed by the Tribunal, the Id. CIT(A) vide separate orders dated 17.06.2025 for assessment year(s) 2017-18 to 2019-20, deleted the identical addition(s) made in assessee's case(s) following the order passed by the coordinate Bench in the case of Shashi Kant Chaurasia (supra).

7. Respectfully following the aforesaid decisions, we are inclined to delete the additions made u/s 68 of Rs.82,67,44,250/- on account of sale of diamonds and consequential addition of Rs.14,88,140/ u/s 69C of the Act on account of alleged commission expenditure. Accordingly, ground nos.1 to 3 and 5 are allowed.
8. Ground Nos.4 & 6 are rendered infructuous in view of the main grounds being covered by the decision of the coordinate Bench.
9. In the result, the appeal filed by the assessee is allowed.
10. Now we proceed to deal with the Revenue's appeal being ITA No.1334/Del/2024 for AY 2020-21.
11. On the other hand, ld. DR of the Revenue brought to our notice relevant facts and findings of Assessing Officer. However, he argued that the addition made by Assessing Officer is protective to safeguard the interest of Revenue and relied on the findings of the AO.
12. At the outset, ld. AR brought to our notice the relevant facts of the issue involved in the present appeal, he submitted that the appeal filed by the Revenue deals with deletion of protective addition of Rs.2,05,13,134/- on account of unexplained jewellery by the ld. CIT(A). During the course of search, from the residential premises of Shri Kamal Kishore Chaurasia (assessee's brother) viz. B-56, Paschimi Marg, Vasant Vihar, Delhi-110057, jewellery and bullion amounting to Rs.53,48,00,057/- were

found out of which jewellery and bullion amounting Rs.1,56,59,182/- and Rs.48,53,952/- (Total – Rs.2,05,13,134) respectively were seized. Undisputedly, the said premises is residential premises of Shri Kamal Kishore Chaurasia and his family. In respect of the seized jewellery and bullion aggregating to Rs.2,05,13,134, additions were made in the hands of various family members as under:

Name	Amount (Rs.)	Remarks	Refer
Sh Kamal Kishore Chaurasia	2,05,13,134	Addition on substantive basis by the AO vide order dated 30.09.2021 (wrongly mentioned as 30.09.2019) appeal pending there against before the CIT(A)	149-154 @150/ PB
Shri Anand Kumar Chaurasia (assessee herein)	2,05,13,134 (Impugned)	Addition on protective basis by the AO, deleted by the CIT(A)	Pg.127, Para 6/ AO

13. He submitted that that the aforesaid jewellery and bullion were found and seized from the residential premises belonging to Shri Kamal Kishore Chaurasia where he, along with his sons, Sh. Rajiv Chaurasia, Sh. Arpit Chaurasia and their respective family members reside. He further made reference in this regard to the following valuation report(s) drawn up by the search team and forming part of the panchnama:

S.No.	Person found to be in possession of jewellery/bullion	Valuation Report - Page No. of PB	
		Bullion	Jewellery
1	Smt. Dipti Chaurasia (wife of Sh. Arpit Chaurasia)	136	139 – 142
2	Smt. Tarang Chaurasia (wife of Sh. Rajiv Chaurasia)	137	143 – 145
3	Smt. Usha Chaurasia (wife of Sh. Kamal Kishore Chaurasia)	138	146 – 147

14. Further he submitted that for ease of reference, family tree of all the members of Chaurasia family is placed on record in the annexure showing that the aforesaid persons viz. Smt. Dipti Chaurasia, Smt. Tarang Chaurasia and Smt. Usha Chaurasia are immediate family members of Sh. Kamal Kishore Chaurasia.
15. In view of the above, he submitted that that the jewellery and bullion found from the aforesaid premises pertained to/ belonged to the immediate family members of Shri Kamal Kishore Chaurasia only and could not have, in any manner, be linked to the assessee. Hence, the protective addition qua such bullion and jewellery in the hands of the assessee is unwarranted and bad in law.
16. In view of the above, he pleaded that protective addition made has rightly been deleted by the CIT(A) and accordingly Revenue's appeal may be dismissed.

17. Considered the rival submissions and material available on record. We have gone through the detailed findings of the Id. CIT (A) on this issue, which for the sake of brevity, is reproduced below :-

“14. Ground Nos. 8(a) to 8(c): During the course of search at premise B-56, Paschimi Marg, Vasant Vihar, New Delhi jewellery and bullions totaling to Rs.71,75,69,816/- was found out of which jewellery amounting to Rs.2,05,13,134/- out of the total value of jewellery found at Rs.53,48,00,057/- was seized. The addition of said jewellery has been made on a substantive basis in the hands of Sh. Kamal Kishore Chaurasia and on a protective basis in the hands of appellant. The AO has held that the residence belongs to Sh. Kamal Kishore Chaurasia and said jewellery at Rs.2,05,13,134/- found at the premise was seized because Sh. Kamal Kishore Chaurasia could not provide satisfactory explanation in this regard. Considering that the jewellery was found from the premise of Sh. Kamal Kishore Chaurasia and no direct evidence regarding ownership of this jewellery with the appellant and the exact share of the appellant was brought on record by the AO, the protective addition in hands of appellant is not sustainable on merits. The protective addition made in the hands of appellant is directed to be deleted.”

18. Accordingly, we observe that the Id. CIT (A) passed a reasoned order and we do not wish to disturb the findings of the Id. CIT (A). Accordingly, the grounds raised by the Revenue are dismissed.
19. In the result, the appeal filed by the Revenue is dismissed.
20. To sum up : the appeal filed by the assessee is allowed and the appeal filed by the Revenue is dismissed.

**Order pronounced in the open court on this 26<sup>TH</sup> day of November, 2025.**

**SD/-  
(ANUBHAV SHARMA)  
JUDICIAL MEMBER**

**SD/-  
(S.RIFAUR RAHMAN)  
ACCOUNTANT MEMBER**

**Dated: 26.11.2025  
TS**

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT, NEW DELHI