

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT  
AND  
SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER**

<b>ITA Nos.1476 &amp; 1477/Bang/2025</b>
<b>Assessment Year : 2017-18</b>

M/s. Umayya Developers Pvt. Ltd., I, Trinity Complex, Mangalore-575 001 <b>PAN: AABCU1944P</b>	<b>Vs.</b>	The Deputy Commissioner of Income Tax, Central Circle-1, Mangalore.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri Narendra Sharma, Advocate
Revenue by	:	Shri Subramanian, JCIT DR

Date of Hearing	:	10-11-2025
Date of Pronouncement	:	29-12-2025

**ORDER**

**PER PRASHANT MAHARISHI, VICE – PRESIDENT**

1. Both these appeals are filed by M/s. Umayya Developers Pvt. Ltd. (the Assessee/Appellant) for the same Assessment Year 2017-18 against the appellate order passed by the CIT(Appeals)-2, Panaji, Goa [Ld. CIT(A)] dated 20.5.2025 u/s. 153C r.w.s. 143(3) of the Income Tax Act, 1961 [the Act] and u/s. 270A of the Act respectively, dismissing it.
2. First we take up the Appeal of the Assessee in ITA No. 1476/Bangalore/2025 which is challenging the order passed by the Appellate Authority, Commissioner of Income Tax (Appeals)-2, Panaji, Goa (the learned CIT – A) on 20.05.2025 wherein the Appeal filed by the Assessee against the Assessment Order passed u/s. 153C

r.w.s. 143 (3) determining the total income of the Assessee at Rs. 1,28,37,124/- against the return of income filed by the Assessee on 27.10.2017 declaring an income of Rs.Nil/- was dismissed.

3. The Assessee is aggrieved with the same and has challenged it, where the addition of Rs. 1,31,83,040/- as the alleged undisclosed cash receipts on sale of flats treated as Income from Business based on entries contained in the loose sheets, mobile phone and statement recorded u/s. 131 of the Act, which are not admissible as evidence under the facts and circumstances of the Appellant's case. It was further stated that the learned CIT - A ought to have appreciated that the entire sale consideration on sale of flats cannot be taxed and therefore, the addition made is liable to be deleted. The Assessee also challenges that section 153D was a provision of sanction which was accorded without application of mind and such a mechanically granted approval vitiates the Assessment Order rendering it to be held illegal and void-ab-initio.
4. The brief facts of the case shows that Assessee has also raised an additional ground of appeal stating that impugned order was passed u/s. 153C of the Act is bad in law and void-ab-initio as conditions precedent to invoking the provisions of section 153C of the Act being the discovery of any assets/documents in course of search conducted in the case of any person that belongs to the Appellant and is relevant for computing the income of the Appellant for the year under Appeal is totally absent and therefore, the impugned order passed deserves to be cancelled. The Assessee says that the Assessee has challenged ground No. 1 that the order passed by the authorities below is bad in law, this ground may not be treated as an additional ground but a submission on ground No. 1.
5. The brief facts of the case show that Assessee is a builder who filed its return of income on 27.10.2017 declaring a total income of Rs.

Nil/-. The return was processed u/s 143 (1) and further a search and seizure action under section 132 of the Income Tax Act was carried out in the case of the Assessee under a warrant of authorization u/s. 132 on 08.02.2018. The case was then centralized and notice under section 153C (1) (a) of the Act was issued on 21.02.2019. In response to the above notice, the return was filed on 27.07.2019 declaring the total income at Rs. Nil/-. Further notice u/s. 143 (2) was also issued on 02.08.2019.

6. As the Assessee Company is engaged in real estate business and into construction and sale of apartments, during search in the residence of Mr. K. Mohammed Harris, one of the Directors of the Assessee Company, certain data pertaining to the sale of land was found in his mobile instrument. The sheet is marked as IMG\_1967 as Annexure A/KMH/02 which contains evidence about the amount received during sale of land. The Director of the company was confronted with evidence found in the statement recorded u/s. 131 of the act by the Assistant Director of Income Tax (Investigation) on 16.08.2018 wherein he has admitted this relates to the transaction of a land sold by the Assessee along with one Mr. Mumtaz Ali and Mr. Azeez. As per him, the sale deed sale consideration is Rs. 2,80,00,000/-. Whereas as per the image found in the mobile instrument the total consideration received is Rs. 4,45,28,000/- and the date is mentioned as 11.03.2017, which is just prior to the date of sale deed executed on 14.03.2017. The image speaks about the cash as well as cheque payments. During statement u/s. 131 the issue was put before the Director who admitted that the actual receipt in this deal is Rs. 4,45,28,000/- whereas the amount for sale deed executed on 14.03.2017 is Rs. 2,80,00,000/- and the remaining amount has been received in cash. Subsequently, he admitted that he has received an amount of Rs. 1,31,83,040/- over and above the amount shown in the sale deed and offered to declare this sum as additional income in

the hands of the Assessee for Assessment Year 2017-18. When the return of income was filed in response to notice u/s.153C, it has been seen that this income of Rs. 1,31,83,040/- admitted by the Director as income for the relevant year has not been offered to tax. Therefore, a show cause notice was issued to the Assessee on 09.10.2019.

7. The Assessee submitted that during the Financial Year 2016-17, it has sold property owned by the Assessee along with Mr. Azeez and Mr. Mumthaz Ali for a consideration of Rs. 2,80,00,000/- as per the sale deed. Out of the sale consideration the share of the Assessee Company is Rs. 1,10,88,000/- which is offered for taxation. The Assessee submitted the Ledger extract. It was further stated that there were certain claims from a third party on the said property. As the purchaser was keen on purchasing the property and agreed to settle the dispute, the Director of the Assessee was mediating the dispute, and the dispute was finally settled by paying Rs. 1,40,00,000/- to the Claimant. The payments required to be made were collected by the Director. It was noted that Assessee would not be able to produce the confirmation from the claimant. Therefore, it was submitted that show cause notice stating the addition of Rs.1,31,83,040/- to the income of the Assessee is not valid.
8. The Ld.Assessing Officer held that the Assessee admitted that it has received extra consideration over and above the value registered in the books and has stated that they have no objection to assess it as income of the year. Accordingly, he made an addition of Rs. 1,31,83,040/-. Accordingly, the Assessment Order u/s. 143 (3) r.w.s. 153C of the Income Tax Act 1961 was passed on 17.12.2019 determining the total income of the Assessee at Rs. 1,28,37,124/- by the Deputy Commissioner of income tax, Central Circle-1, Mangalore.

9. Aggrieved with the above order, the Assessee challenged the same before the Ld. CIT(A). Before him the Appeal was delayed by 380 days which was condoned and the appeal was decided on merits. The Ld. CIT(A) was submitted that the additions are merely based on loose sheets found during the search and the addition is arbitrary based on dumb documents, loose papers containing scribbling, rough and vague noting. The Assessee relied upon several judicial precedents. The Ld. CIT(A) held that the information regarding receipt of cash was retrieved from mobile phone of Director of the Assessee and there are no loose documents being relied upon by the Ld. Assessing Officer. Before him it was also submitted that the cash was received and it is willing to offer the same to tax. Further, filing of the Vivas Se Vishwas application also indicates intention of the Appellant of acceptance of cash to prevent itself from being an interest and penalty. Accordingly, he dismissed the appeal of the Assessee confirming the action of the Ld. Assessing Officer.
10. Assessee is in appeal before us. The Ld. Authorized Representative furnished a paper book containing 96 pages. The Ld. Departmental Representative also furnished paper book containing 492 pages.
11. The Ld. Authorized Representative referred to the satisfaction note u/s. 153C placed at page No. 51 of paper book and submitted that, that according to the Assessment Order it is submitted that addition is made on the basis of material mentioned in paragraph No. 5.1 of the Assessment Order which was found from the mobile phone of the director of the company. He referred to paragraph No. 5 of the satisfaction note u/s. 153C of the act wherein description of the seized material was stated to be loose sheet comprising of documents seized at the business premises of M/s. Mukka SeaFood Industries Private Limited. Therefore, his submission is that there is no reference of the material based on which the addition is made which

is mentioned in the Assessment Order but does not find in the satisfaction recorded u/s. 153C of the Act. According to him, therefore the addition is not made based on the satisfaction note and hence the Assessment u/s. 153C is bad in law.

12. His next argument was that according to paragraph No. 8 mentioned in the satisfaction not, the Assessment Year involved were stated to be Assessment Year 2012-13 to Assessment Year 2017-18. He submitted that the consolidated satisfaction recorded by the Ld. Assessing Officer for invoking the provisions of section 153C of the Act is bad in law. He submitted that this issue is squarely covered in favor of the Assessee by the decision of the Hon'ble jurisdictional High Court in case of *Deputy Commissioner of Income Tax versus Sunil Kumar Sharma dated 22.01.2024 (2024) 159 taxmann.com 179 (Karnataka)* wherein in paragraph No. 53 the Hon'ble jurisdictional High Court has categorically held that that satisfaction note is required to be recorded u/s. 153C of the IT act for each Assessment Year and in the impugned proceedings, a consolidated satisfaction note has been recorded for different Assessment Years, which also vitiates the entire assessment proceedings. In view of all these findings, it is said that the Appeals do not have any substance for seeking intervention as sought for by the Assessing Officer. He submits that the decision of the Hon'ble Jurisdictional High Court binds the tribunal. He submitted that the satisfaction note placed at page No. 51 clearly speaks about this. Therefore, the satisfaction recorded by the Ld. Assessing Officer is bad in law and therefore the Assessment Order passed based on such satisfaction cannot be sustained.
13. On the merits of the addition, he referred to his submission made before the Ld. Assessing Officer which is recorded in the Assessment

Order that the amount was paid for settlement of the dispute and it is not the income of the Assessee.

14. The learned departmental representative Sri Subramaniam, Joint Commissioner of income Tax has submitted a paper book containing 492 pages. He also has submitted the satisfaction note at page No. 7 of his paper book which is identical to the satisfaction note submitted by the Assessee at page No. 51 of the paper book of the Assessee. He submits that that satisfaction note has recorded that the evidence found are loose sheets comprising of documents seized at the business premises of M/s. Mukka SeaFood Industries Private Limited. He submitted that on perusal of the appraisal report it is seen that on the analysis of the digital data, the cloned of iPhone (black colour) of the Director which is marked as annexure A/KMH/02 an image of sheet marked as IMG\_1967 wherein evidence with regard to the amount received in the course of certain sale has been found. He referred to the scan copy of the image. He further submitted that when confronted with the Director of the Assessee in the statement recorded u/s. 131 of the Income Tax Act on 16.08.2018, he admitted that this is the details of transactions related to a land sold by the Assessee along with Mr. Mumtaz Ali and Mr. Azeez. In the light of this admission, light has been thrown to page No. 215 to 226 of document found and seized during search proceedings in case of M/s. Mukka SeaFood Industries Private Limited. This is the copy of sale deed executed on 14.03.2017 between Assessee and the other two vendors along with the purchaser conveying the sale of immovable property admeasuring 137.50 cents in Mangalore where the sale consideration is Rs. 2,80,00,000/-. However, total sale consideration received as per the image found in the mobile phone is Rs. 4,45,28,000/-. Thus, the image speaks about the cash as well as cheque payments. He further submitted that as verified from the documents seized during search

at the business premises of M/s. Mukka SeaFood Industries Private Limited in a brown folder in a panchnama dated 09.02.2018 the above documents are loose sheets comprising of the documents. Therefore, the above documents related to the Assessee and therefore the reasons recorded in the satisfaction note and the materials used in making addition as per paragraph No. 5.1 of the Assessment Order are all based on the materials seized during search action u/s. 132 of the Act on the case of the Assessee on 08.02.2018. He therefore submitted that there is no infirmity in the Assessment Order passed by the Ld. Assessing Officer and, in the satisfaction, note recorded by the Assessee, and the order of the learned CIT(A) in confirming the action of the Ld. Assessing Officer.

15. The Ld. Departmental Representative have filed a paper book containing 492 pages but except the copy of the satisfaction note dated 21.02.2019 and the relevant part of appraisal report placed at page No. 10-13 of the paper book no other material was referred to.
16. The Ld. Authorized Representative vehemently submitted that the satisfaction note speaks on its own what are the documents based on which the satisfaction was recorded for invoking the provisions of section 153C of the Act. He submitted that the satisfaction notes produced by the Ld. Departmental Representative also speaks the same. He further stated that the reliance on the relevant part of appraisal report placed at page No. 10-13 of the paper book does not have relevance so far as the satisfaction note is required to be concerned. He further stated that there is no reply from the side of the Revenue about the applicability of the decision of the Hon'ble jurisdictional High Court in case of 159 taxmann.com 179 wherein the separate satisfaction note is required to be prepared for each of the Assessment Order. He once again referred to the decision of the Hon'ble Karnataka High Court in case of Deputy Commissioner of

Income Tax versus Sunil Kumar Sharma and stated that in that case also the satisfaction note was recorded jointly for Assessment Year 2012-13 to 2018-19 which has been quashed by the Hon'ble High Court. He submits that this decision binds the Tribunal and the Revenue.

17. We have carefully considered the rival contentions and perused the orders of the Ld. lower authorities. In this case the search and seizure action u/s. 132 of the Income Tax Act 1961 was carried out in the case of the Assessee under warrant of authorization u/s. 132 of the Income Tax Act on 08.02.2018.
18. The Assessment Order was passed u/s. 143 (3) r.w.s. 153C of the act on 17.12.2019 wherein an addition of Rs.1,31,83,040/- was made. The history of the addition has already been explained as above. In the Assessment Order, the Ld. Assessing Officer has stated that the addition of Rs. 1,31,83,040/- was made based on the image of sheet marked as IMG\_1967 which was marked as annexure A/KMH/02 which contended the evidence about the amount received during sale of land. This evidence was found from the mobile phone of the Director of the company.
19. It is mandatory that to invoke the provisions of section 153C of the Act, satisfaction note should be prepared u/s. 153C of the act. In this case the satisfaction note is placed at page No. 7-9 dated 21.02.2019 is as under:-

*PROFORMA FOR RECORDING SATISFACTION UNDER SECTION 153C*

*(To be filled by the Assessing Officer of the Person referred to in Section 15A)*

1.	<i>Name of the Group searched</i>	<i>1. Mukka Sea Food Industries Pvt Ltd (Mukka Sea Food Group)</i>
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2.	<i>Name and PA No. of the person referred to in Section 153A</i>	<i>Mukka Sea Food Industries Pvt Ltd (Mukka Sea Food Group) 14-161, Trinity Complex, Attavar, Mangaluru</i>
3.	<i>Date of initiation of search in the case of the person referred to in Section 15A</i>	8/02/2018
4.	<i>Name and PA No. of the person in whose case action under section 153C is proposed</i>	<i>M/s. Umayya Developers Pvt. Lt., 1<sup>st</sup> Floor, Trinity Complex, N G Road, Attavar, Mangaluru PAN-AABCU1944P</i>
5.	<p><i>Specific details of the seized material on the basis of which action under section 153C is proposed</i></p> <p><i>(a) Nature of the seized material (money/bullion/jewellery/other valuable article or thing/books of account/documents)</i></p> <p><i>(b) Description of the seized material</i></p> <p><i>(c) Address of premise/place from where such material was seized</i></p> <p><i>(d) Date of seizure of such material</i></p> <p><i>(e) Particulars of the relevant Panchnama</i></p> <p><i>(f) Annexure/SI. No./Page Number etc. (particulars to be specified)</i></p>	<p>1. Books of accounts/ documents</p> <p><b>1. Loose sheets comprising of documents seized at business premises of M/s. Mukka Sea Food Industries Pvt Ltd.,</b></p> <p>Business premises of M/s. Mukka Sea Food Industries Pvt Ltd at 14-161, Trinity Complex, Attavar, Mangaluru</p> <p>10/02/2018</p> <p>Inventory A/MSFIPL/08 and A/MSFIPL/09 too panchama dated 10/02/2018 drawn at the business premises of M/s. Mukka Sea Food Industries Pvt Ltd at 14-161, Trinity Complex, Attavar, Mangaluru</p>

6.	<i>Relationship of the person referred to in S. No. 4 with the person referred to in S. No. 2</i>	<i>Family concern of the Directors of M/s. Mukka Sea Food Industries Pvt. Ltd.,</i>
7.	<i>Satisfactions of the Assessing Officer of the person referred to in Section 153A that the seized material referred to in Sl. No. 5 belongs to the person referred to in S.No. 4</i>	<p><i>I am satisfied that documents in the folders marked under 5(a) to 5(f) above seized from the .. Business premises of M/s. Mukka Sea Food Industries Pvt Ltd at 14-161, Trinity Complex, Attavar, Mangaluru during the course of search initiated in the case of Business premises of M/s. Mukka Industries Pvt Ltd relates to the assessee.</i></p> <p><i>Also, for detailed reasons stated in Annexure "A", I am satisfied that the case is a fit one for issue of notice u/s. 153C r.w.s. 153A.</i></p>
<b>8.</b>	<b><i>Assessment years involved</i></b>	<b><i>2012-13 to 2017-18</i></b>

Note:

1. For the purpose of this profoma, seized material includes materials requisitioned under section 132A.

Date: 21.02.2019  
Place: Mangalore

**Sd/-**  
**(NAZEERA MOHAMMED, IRS)**  
Deputy Commissioner of Income Tax  
Central Circle-1, Mangalore.

**ANNEXURE-A**

**Name** : **M/s. Umayya Developers Pvt Ltd.,**  
**ADDRESS** : **1<sup>st</sup> Floor, Trinity Complex,**  
**NG Road Attavar, Mangaluru**  
**A.Y** : **2012-13 to 2017-18**  
**PAN** : **AABCU1944P**

A search was initiated u/s. 132 in the case of M/s. Mukka Sea Food Industries Pvt Ltd on 08.02.2018. The Business premises of M/s. Mukka Sea Food Industries Pvt Ltd at 14-161, Trinity Complex, Attavar, Mangaluru were covered u/s. 132. The following documents seized during the course of search at the business premises of M/s. Mukka Sea Food Industries Pvt Ltd relates to the assessee

- i. Seized documents in pages 1 to 226 contained in a Brown folder in Annexure A/MSFIPL Sl.No. 8 of Panchanama dated 09.02.2018. The above documents are loose sheets comprising of documents. The above documents relate to the assessee.
- ii. Seized documents in pages 1 to 311 contained in a Brown folder in Annexure A/MSFIPL Sl. No. 9 of Panchanama dated 09.02.2018. The above documents are loose sheets comprising of documents. The above documents relate to the assessee.

In view of the above facts, I am satisfied that the books/documents seized during the course of search initiated in the case of M/s. Mukka Sea Food Industries Pvt Ltd, have a bearing on determining the total income of M/s. Umayya Developers Pvt Ltd., for Asst years 2012-1 to A.Y 2017-18. Hence this is a fit case for initiating proceedings u/s. 153C.

Date: 21.02.2019

**Sd/-**  
**(NAZEERA MOHAMMED, IRS)**  
Deputy Commissioner of Income Tax  
Central Circle-1, Mangalore.

20. On careful consideration of the above satisfaction note, it is found that this is recorded in view of search on M/s. MukkaSeaFood Industries Private Limited on 08.02.2018. The name of the Assessee is mentioned of the person in whose case action u/s. 153C is proposed. Further the specific details of the seized material based on which action under section 153C is purported is mentioned as 'loose sheets comprising of documents seized at the business premises of M/s. Mukka SeaFood Industries Private Limited.' Address of the premises is also mentioned as 14-161, Trinity complex, Attavar, Mangalore and the date of seizure of such material is also mentioned as 10.02.2018. Further in serial No. 7 satisfaction of the Assessing Officer is also recorded wherein it is mentioned that "I am satisfied that the document in the folders marked under 5 (a) to 5 (f) above seized from the ..... business premises of M/s. MukkaSeaFood Industries Private Limited during search initiated relates to the Assessee.' He further referred to Annexure A for the same and in paragraph No. 8, the Assessment Years involved were mentioned as assessment years 2012-13 to 2017-18.
21. In the annexure A he also referred to the same documents which are mentioned in satisfaction not. Thus, in the satisfaction note there is no reference of any digital equipment seized from the Director of the Company. Now coming to the Assessment Order, we find that from paragraph No. 5.1 to 5.7 there is no reference of such material which is mentioned in the satisfaction note.
22. The Ld. Assessing Officer has made an addition in paragraph No. 5 at page No. 2-3 of his Assessment Order as under: -

**5. Undisclosed cash receipts on sale of flats:**

**5.1 During the course of search in the residence of K. Mohammed Harris, one of the directors of Umayya Developers Pvt. Ltd., certain data pertaining to sale of**

**land was found in his mobile instrument. The image of sheet marked as IMG\_1967, (which is marked as annexure A/KMH/02) contains evidence with regard to amount received in the course of sale of land.**

5.2 Sri K.Mohammed Harris, director of the company was confronted with the evidence found and in the statement recorded u/s 131 of the IT Act by the ADIT(Inv.), Mangalore on 16.08.2018 he has admitted that this relates to the transaction related to a land sold by Umayya Developers Pvt. Ltd along with Mr.Mumtaz Ali and Mr. Azeez at Kankanady village.

5.3 As per the sale deed, the sale consideration is Rs. 2,80,00,000/- Whereas as per the image found in the mobile instrument, the total consideration received is Rs. 4,45,28,000/- and the date is mentioned as 11.3.2017, which is just prior to the date of sale deed executed i.e. on 14.03.2017. The image speaks about the cash as well as cheque payments.

5.4 In the course of statement u/s 131, when this issue put before Mr Haris, he has admitted that actual receipt in this deal is at Rs.4.45,28,000/-, whereas the amount as per sale deed executed on 14.03.2017 is at Rs. 2,80,00,000/- and the remaining amount as seen in the sheet above has been received in cash. Subsequently, he has admitted that he has received an amount of Rs. 1,31,83,040/- [93,50,000 + 38,33,040) over and above the amount shown in the sale deed and offered to declare this sum as additional income in the hands of M/s Umayya Developers Pvt. Ltd. for the A.Y. 2017-18.

3.5 Howeveran perusal of the return of income filed in response to notice u/s 153C on 27.07.2019 it is seen that this income of Rs. 1.31,83,040/-admitted by him as income for the relevant year in the statement in the hands of the company, has not been offered to tax. In view of this the assessee vide letter dated 09.10.2019 was asked to show cause why the income of its 1,31,83,040 admitted in the

*statement but not offered to tax should not be assessed to tax.*

*5.6 In response there too assessee submitted as under*

*1. During the financial year 2016-17 we had sold property owned by us along with Mr. Azeez and Mr. Mumthaz Ali for a consideration of Rs. 2,80,00,000. Copy of the sale deed is enclosed herewith. Out of the sale consideration our share Rs. 1,10,88,000 is duly offered to tax. Copy of the ledger extract is enclosed herewith.*

*2. There were certain claims from a third party on the said property. The purchaser was keen in purchasing the property and agreed to settle the disputes. Mr. Mohammed Haris was mediating the dispute and the dispute was finally settled by paying 1.40 crores to the claimant. The payments required to be made to the claimant was collected Mr. Mohammed Haris. It may be noted that we may not be able to produce the confirmations from the claimants. The consideration received by us is duly offered to tax and excess consideration as alleged by you was not received by us. Your goodself have proposed to add Rs 1,31,83,040 to our income. However, we do not wish to litigate and would like to co-operate with the department in early completion of the assessment and we are agreeable to addition of the same provided no penal consequences are initiated.*

*5.7 During the course of assessment proceedings the assessee has admitted that it has received extra consideration over and above the value registered in the books and has stated that they have no objection to assess it as income of the year. Accordingly taking into consideration the evidence found, statement of the directors and the submissions made during the assessment proceedings Rs. 1,31,83,040 is added to business income of the assessee.*

23. Thus, in view of the above facts, the material stated in the Assessment Order and material stated in the satisfaction note are not at all the same. Therefore, we find that the addition has not been

made in the hands of the Assessee based on the satisfaction note recorded by the Ld. Assessing Officer but on different material and therefore according to us the satisfaction note does not support the Assessment Order passed by the Ld. Assessing Officer. On this ground itself the assessment order deserves to be quashed.

24. Further based on the satisfaction note in paragraph No. 8, it is apparent that the assessing officer has recorded satisfaction for Assessment Year 2012-13 to 2018-19. The Hon'ble Karnataka High Court in Deputy Commissioner of Income Tax versus Sunil Kumar Sharma (2024) 159 taxmann.com 179 (Karnataka) has also in paragraph No. 53 has clearly recorded that the satisfaction note is required to be recorded u/s. 153C of the IT act for each Assessment Year and the impugned proceedings. A consolidated satisfaction note has been recorded for the different assessment years which vitiates the entire assessment proceedings. Therefore, respectfully following the decision of the Hon'ble Jurisdictional High Court, we do not have any option but to quash the Assessment Order. Honourable High court in Deputy Commissioner of Income-tax vs. Sunil Kumar Sharma [2024] 159 taxmann.com 179 (Karnataka)/[2024] 469 ITR 197 (Karnataka)[22-01-2024] SLP Dismissed in [2025] 180 taxmann.com 293 (SC)[27-10-2025] in above decision has held that:-

**"53.** Further, satisfaction note is required to be recorded under section 153C of the IT Act for each Assessment Year and in the impugned proceedings, a consolidated satisfaction note has been recorded for different Assessment Years, which also vitiates the entire assessment proceedings. In view of all these findings, it is said that the appeals do not have any substance for seeking intervention as sought for by the appellant/Revenue."

25. Thus, respectfully following the decision of the honourable Karnataka High court in absence of combined satisfaction note of

several years and also for the reason that the documents based on which additions is made are not part of the satisfaction note , In the result the orders of the Ld. lower authorities are reversed, the order of the Ld. Assessing Officer is quashed as stated above resulting into the deletion of addition of Rs. 1,31,80,040/-. In the result Appeal of the Assessee is allowed.

26. Coming to the ITA No. 1477/Bangalore/2025 for Assessment Year 2017-18 which is against the penalty confirmed u/s. 270A by the Ld. CIT(A) for the impugned Assessment Year on the addition which is deleted in ITA No. 1476/Bangalore/2025. Therefore this penalty appeal does not survive and Appeal of the Assessee is allowed.

27. In the result both the Appeals filed by the Assessee are allowed.

Order pronounced in the open court on 29<sup>th</sup> December 2025.

Sd/-  
(SANDEEP SINGH KARHAIL)  
JUDICIAL MEMBER

Sd/-  
(PRASHANT MAHARISHI)  
VICE-PRESIDENT

Bangalore,  
Dated, the 29<sup>th</sup> December 2025.

\*TNTS\*

Copy to:

1. Appellant
2. Respondent
3. CIT
4. DR, ITAT, Bangalore
5. CIT(A)

By order

Assistant Registrar,  
ITAT, Bangalore