

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई।  
IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH: CHENNAI

श्री यस यस विश्वनेत्र रवि, न्यायिक सदस्य एवं सुश्री पदमावती यस, लेखक सदस्य के समक्ष  
BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND  
MS. PADMAVATHY.S, ACCOUNTANT MEMBER

आयकर अपील सं./ITA Nos.2206, 2204 & 2207/Chny/2025  
निर्धारण वर्ष /Assessment Years: 2018-19, 2019-20 & 2021-22

Sundarasamy,  
Rep. by his wife as representative  
assessee,  
11/6, Thirumalai Nagar,  
First Street, Pn Road S.O.,  
Tiruppur – 641 602.  
PAN: EDKPS 8423N

The Asst. Commissioner of Income  
Tax,  
Central Circle-3,  
Coimbatore.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

आयकर अपील सं./ITA No.2168/Chny/2025  
निर्धारण वर्ष /Assessment Year: 2021-22

Arunraj,  
107, Kilakku Street,  
Kandasamy Palayam,  
Kandasamipalayam B.O.,  
Erode – 638 109.  
PAN: DNXPA 0051G

The Asst. Commissioner of Income  
Tax,  
Central Circle-3,  
Coimbatore.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

आयकर अपील सं./ITA No.2171/Chny/2025  
निर्धारण वर्ष /Assessment Year: 2021-22

Seethadevi,  
23, Kumanan Street,  
Erode – 638 009.  
PAN: GHLPS 1390P

The Asst. Commissioner of Income  
Tax,  
Central Circle-3,  
Coimbatore.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

आयकर अपील सं./ITA No.2188/Chny/2025  
निर्धारण वर्ष /Assessment Year: 2021-22

Vadippan Senthilmurugan,  
H-58, Periyar Nagar,  
Erode – 638 001.  
PAN: AVMPS 8348C  
(अपीलार्थी/Appellant)

The Asst. Commissioner of Income  
Tax,  
Central Circle-3,  
Coimbatore.  
(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : Mr. S.Sridhar, Advocate (Erode)  
प्रत्यर्थी की ओर से /Respondent by : Ms.E.Pavuna Sundari, CIT

आयकर अपील सं./ITA No.2144/Chny/2025  
निर्धारण वर्ष /Assessment Year: 2021-22

Eveready Spinning Mills Pvt. Ltd.,  
16/23, 12, Jothi Theatre Road,  
Tirupur – 641 601.  
PAN: AAACF 9159Q

The Asst. Commissioner of Income  
Tax,  
Central Circle-3,  
Coimbatore.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : Mr. N.Arjun Raj, Advocate  
प्रत्यर्थी की ओर से /Respondent by : Ms.E.Pavuna Sundari, CIT

सुनवाई की तारीख/Date of Hearing : 18.12.2025  
घोषणा की तारीख /Date of Pronouncement : 07.01.2026

**आदेश / ORDER**

**PER BENCH:**

These bunch of appeals by different assesseees are against separate orders of the Commissioner of Income Tax (Appeals), Chennai-20 (in short "CIT(A)") passed u/s. 250 of the Income Tax Act, 1961 ( in short "the Act") for Assessment Years (AYs) 2018-19, 2019-20 & 2021-22. The issues contended by these assesseees are common and therefore the appeals are heard together and disposed of by this common order for the sake of brevity. For

the purpose of adjudication, we will consider the appeal of the assessee in ITA No.2188/Chny/2025 for A.Y 2021-22.

**ITA No.2188/Chny/2025:**

2. The assessee is an individual and is the proprietor of M/s. Dandapani Spun Bond and engaged in the business of plastic moulded furniture manufacturing, Non oven fabric manufacturing and wind power generation. The assessee filed the return of income for A.Y 2021-22 on 29.12.2021 declaring a total income of Rs. 1,79,76,580/-. There was a search conducted u/s. 132 of the Act in the case of M/s. Anitha Texcot India Pvt. Ltd. on 17.03.2021. During the course of search proceedings, it was found that there were certain bogus purchases entered into by the said company. The A.O noticed that there was no purchase, stock inward entry and no supporting evidences like delivery challans was available. Further, Shri Kanagaraj, the Accounts Manager of M/s. Anitha Texcot India Pvt. Ltd. has deposed in statement recorded u/s. 132(4) of the Act that these purchase transactions are bogus. Since, the assessee has entered into sales transactions with the said company to the tune of Rs.1,24,03,446/-, the A.O examined the relevant entries pertaining to the assessee. Based on the findings, the A.O of the assessee issued a notice u/s. 153C of the Act on 06.02.2023 after recording satisfaction on 08.03.2022. In response, the assessee filed the return of income declaring the same income in the return filed u/s. 139(1) of the Act. The A.O completed the assessment after making an addition by estimating a commission income of 5% on the alleged bogus sales transactions entered into by the assessee with M/s. Anitha Texcot India Pvt. Ltd. amounting to Rs.6,20,172/-. Aggrieved, the assessee filed further appeal before the CIT(A).

3. The CIT(A) confirmed the addition made by the A.O on the ground that the director of M/s. Anitha Texcot India Pvt. Ltd. has accepted having entered into bogus purchase transactions which substantiates that the assessee has raised bogus sales invoices. The assessee is in appeal before the Tribunal against the order of the CIT(A). The assessee raised various grounds contending the addition made on merits. The assessee also raised additional ground vide letter dated 01.12.2025 contending that the notice issued u/s. 153C of the Act is not valid. The relevant grounds raised as under:

**Additional Ground No.2:**

*“Without prejudice to the other grounds of appeal, the Assessment Order initiated by the issue of Notice u/s.153C dated 06/02/2023 is null and void, as, on the date of search in case of the Appellant viz-a-viz date of receipt of documents by the Assessing Officer of the Appellant, the provisions of Section 153C should not have been invoked as per Section 153C(3) itself [Relying on Madras High Court Order dated 28/10/2025 in Writ Petition No.23014 of 2023 etc Batch].”*

4. The Ld. AR submitted that the additional ground now raised is purely legal and does not warrant examination of any new facts and accordingly prayed for admission of the same.

5. The additional grounds raised are pure legal issue, which does not require investigation of new facts. Hence, placing reliance on the judgment of the Hon’ble Apex Court in the case of National Thermal Power Co. Ltd. v. CIT (1998) 229 ITR 383 (SC), we admit the additional grounds for adjudication.

6. The Id. AR with regard to the additional ground submitted the following table with the relevant events and dates.

	Relevant Events	Dates
1.	Search initiated in case of M/s. Anitha Texcot India Pvt. Ltd. (Searched person)	17/03/2021
2.	Satisfaction Note recorded by the A.O of M/s. Anita Texcot India Pvt. Ltd.	24/08/2022

	[DCIT, Central Circle-3, Coimbatore]	
3.	Satisfaction note recorded by the A.O of the appellant [DCIT, Central Circle-3, Coimbatore]	08/09/2022
4.	Issue of notice under section 153C by the A.O of the Appellant	06/03/2023

7. The Ld. AR submitted that the issue is covered by the decision of Hon'ble Madras High Court in the case of Hari Govind vs. ACIT [2025] 180 taxmann.com 197 (Mad.) and also by the decision of Co-ordinate Bench in the case of Shanmugasundaram Manoharan vs. DCIT [ITA No.1607 to 1609/Chny/2025 dated 09.12.2025]. The Ld. AR in this regard drew our attention to the following observations of the Coordinate Bench, wherein it has been held that:

*8. We have considered the rival submissions and examined the judgment of the jurisdictional High Court cited above. It emerges that a search and seizure operation was carried out on 05.02.2020 in the case of Shri G. N. Anbuhezian and others. During the course of the search, several incriminating materials were recovered, including documents detailing daily cash transactions involving multiple parties from his Chennai office. Upon scrutiny, it was discovered that the assessee had engaged in a loan transaction with Shri G. N. Anbuhezian, a prominent financier in the Tamil Nadu film industry. The seized material further revealed cash dealings between the assessee and Shri G. N. Anbuhezian, which were directly relevant to the computation of the assessee's total income. In light of these findings, the case was centralized to this office by the Pr. CIT-1, Madurai, through Notification Order No. 100/2021-22 dated 15.03.2022, and proceedings under Section 153C were initiated. Accordingly, notices under Section 153C were issued to the assessee on 08.09.2022.*

*9. In this case, the handing over of seized materials to the Jurisdictional Assessing Officer (JAO) of the assessee was on 08.09.2022. In such case, the said date has to be construed as the date of initiation of search in terms of Section 153C(3) of the Act, which says that nothing contained in Section 153C shall apply in relation to a search initiated under Section 132 or books of account or documents or assets requisitioned under Section 132A on or after the 1st day of April, 2021.*

*10. Regarding the issue in hand, the judgment of the Hon'ble Jurisdictional High Court in the case of Harigovind vs. Assistant*

Commissioner of Income-tax Non-corporate [2025] 180 taxmann.com  
197 (Madras) has held as under:

7. Now, the main grievance of the petitioner is that no notice under Section 153C of the Act can be issued after 01.04.2021 for all the AYs in terms of Sub-Section (3) of Section 153C.

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27. Now, the main issue that is required to be decided is as to whether the issuance of notice, under Section 153C on 07.02.2023, is in accordance with the provision of Section 153C(3) of the Act?

28. According to the petitioner, the initiation of search for the petitioner is the date, on which the materials were handed over by the Assessing Officer of the searched person to the JAO of the petitioner herein. In this regard, a reference was made to the first proviso to Section 153C(1), wherein it was stated that the initiation of search shall be the date, on which the materials were handed over to the concerned JAO, which means, in this case, the date of initiation of search in terms of first proviso to Section 153C(1) is on 25.11.2022, i.e., the date on which the materials were handed over to the JAO of the petitioner.

29. Further, by referring to Sub-Section (3) of Section 153C of the Act, it was contended by the petitioner that if any search was initiated on or after 01.04.2021, no proceedings can be initiated in terms of Section 153C of the Act.

30. In the case on hand, according to the petitioner, the search was initiated on 25.11.2022 and hence, as stated above no proceedings can be initiated in terms of Section 153C of the Act. Thus, the impugned notice came to be issued by the 2nd respondent, illegally and in contrary to Sub Section (3) of Section 153C of the Act.

31. On the other hand, it was contended by the respondents that the first proviso to Section 153C(1) of the Act would apply only with regard to the abatement of the proceedings for a period of 6 years prior to the relevant date and for all other practical purposes, the initiation of search would be either the date, on which the search was conducted on searched person under Section 132 or on the date of making of requisition under Section 132A of the Act. Hence, according to the respondents, in this case, the application of Sub-Section (3) of Section 153 would not at all come into picture.

32. At this juncture, it would be apposite to extract the provisions of Section 153C of the Act, which reads as follows:

*153C. Assessment of income of any other person.—*

*(1) Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that,—*

*(a) any money, bullion, jewellery or other valuable article or thing, seized or requisitioned, belongs to; or*

*(b) any books of account or documents, seized or requisitioned, pertains or pertain to, or any information contained therein, relates to, a person other than the person referred to in section 153A, then, the books of account or documents or assets, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue notice and assess or reassess the income of the other person in accordance with the provisions of section 153A, if, that Assessing Officer is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and] for the relevant assessment year or years referred to in subsection (1) of section 153A*

*Provided that in case of such other person, the reference to the date of initiation of the search under section 132 or making of requisition under section 132A in the second proviso to subsection (1) of section 153A shall be construed as reference to the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person:*

*Provided further that the Central Government may by rules made by it and published in the Official Gazette, specify the class or classes of cases in respect of such other person, in which the Assessing Officer shall not be required to issue notice for assessing*

*or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and for the relevant assessment year or years as referred to in subsection (1) of section 153A except in cases where any assessment or reassessment has abated.*

*(2) Where books of account or documents or assets seized or requisitioned as referred to in subsection (1) has or have been received by the Assessing Officer having jurisdiction over such other person after the due date for furnishing the return of income for the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A and in respect of such assessment year—*

*(a) no return of income has been furnished by such other person and no notice under sub-section (1) of section 142 has been issued to him, or*

*(b) a return of income has been furnished by such other person but no notice under sub-section (2) of section 143 has been served and limitation of serving the notice under sub-section (2) of section 143 has expired, or*

*(c) assessment or reassessment, if any, has been made, before the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person, such Assessing Officer shall issue the notice and assess or reassess total income of such other person of such assessment year in the manner provided in section 153A.*

*(3) Nothing contained in this Section shall apply in relation to a search initiated under Section 132 or books of account, other documents or any assets requisitioned under Section 132A on or after the 1st day of April, 2021.*

*33. A reading of the first proviso to Section 153C(1) would show that the date of initiation of search under Section 132 or making requisition under Section 132A in terms of second proviso to Sub Section (1) of Section 153A shall be construed as reference to the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person. The date of initiation of search referred in the second proviso to Section 153A(1) only deals with respect to the abatement of proceedings.*

*34. It would also apposite to extract the provisions of Section 153A(1) of the Act, which reads as follows:*

*153A. Assessment in case of search or requisition.—*

*(1) Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, in the case of a person where a search is initiated under section*

*132 or books of account, other documents or any assets are requisitioned under section 132A after the 31st day of May, 2003, the Assessing Officer shall—*

*(a) issue notice to such person requiring him to furnish within such period, as may be specified in the notice, the return of income in respect of each assessment year falling within six assessment years [and for the relevant assessment year or years] referred to in clause*

*(b), in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and the provisions of this Act shall, so far as may be, apply accordingly as if such return were a return required to be furnished under section 139;*

*(b) assess or reassess the total income of six assessment years immediately preceding the assessment year relevant to the previous year in which such search is conducted or requisition is made and for the relevant assessment year or years*

*Provided that the Assessing Officer shall assess or reassess the total income in respect of each assessment year falling within such six assessment years and for the relevant assessment year or years:*

*Provided further that assessment or reassessment, if any, relating to any assessment year falling within the period of six assessment years and for the relevant assessment year or years referred to in this sub-section pending on the date of initiation of the search under section 132 or making of requisition under section 132A, as the case may be, shall abate*

*35. A reading of the second proviso to Section 153A(1) would show that the assessment or reassessment, if any, relating to any assessment year falling within the period of six assessment years and for the relevant assessment year or years referred to in this sub-section, 153C(1) pending on the date of initiation of the search under Section 132 or making of requisition under Section 132A, as the case may be, shall abate.*

*Therefore, any pending proceedings shall be abated as per the above proviso.*

*36. On the strength of the above second proviso to Section 153A(1), the respondents had strongly contended that the first proviso to Section 153C is only with regard to the abatement of proceedings and not for anything else.*

*37. On the other hand, the petitioners had contended that it is not only for abatement but for all the other purposes. According to*

*the petitioner, if a particular date is determined for the purpose of abatement of proceedings, then the same would be applicable for all the purposes, including the date of initiation of proceedings under Section 153C against the other person.*

*38. Even a reading of Section 153C makes it clear that determination of total income of such other person for 6 assessment years immediately preceding the assessment year relevant to the previous year, in which the search was conducted or requisition was made and for the relevant assessment year or years, referred in sub-Section (1) of Section 153C of the Act.*

*39. As far as the other person is concerned, the six years period would be calculated, the date on which the requisition was made and that would be the date, for the purpose of determination of assessment of income. On the other hand, as far as the searched person is concerned, this 6 years period would vary and the same would be calculated from the date of search made in the premises of searched person. Therefore, for the purpose of initiation and determination of income for 6 assessment years, two different dates have been fixed by the Statute, i.e., for the searched person, it was taken the date of search, whereas, for the other person, it was taken the date, on which the requisition is made to the JAO of the other person.*

*40. Thus, as far as the searched person is concerned, the date of initiation of search is the date, on which the search was conducted in his premises. The said date would be the date of initiation of search for searched person for all purposes. As far as the other person is concerned, the date of initiation of search would be the date, on which the materials, books of accounts, etc., are handed over to the JAO of the other person and this date would be considered as the date of initiation of search for other person for all purposes. Thus, there cannot be two different date of initiation of search, either for the searched person or for the other person.*

*41. The provisions of Sub-Section (3) of Section 153C states that*

*"153C(3).nothing contained in this Section shall apply in relation to a search initiated under Section 132 or books of account, other documents or any assets requisition under Section 132A on or after the 1st day of April, 2021"*

*which means, if the search is initiated subsequent to 01.04.2021, the provision of Section 153C will not apply and accordingly, no proceedings can be initiated against the other person.*

*42. According to the petitioner, the date of handing over of the seized materials, i.e., 25.11.2022, is the date of initiation of search. If the said contention of the petitioner is accepted, obviously, the issuance of impugned notices dated 07.02.2023 by*

*the 2nd respondent is without any authority and contrary to Sub-Section (3) of Section 153C of the Act and thus, the same is liable to be quashed.*

*11. We find the above referred judgment of the Hon'ble jurisdictional High Court is squarely applies in these cases. Hence, respectfully following the judgment of the Hon'ble jurisdictional High Court in the case of Harigovind vs. Assistant Commissioner of Income-tax Non-corporate [2025] 180 taxmann.com 197 (Madras), we set aside /quash all the notices issued u/s.153C on the assessee as the date of handing over of the seized materials, i.e., 08.09.2022, is the date of initiation of search. The issuance of impugned notices u/s153C dated 08.09.2022 by the AO is without any authority and contrary to Sub-Section (3) of Section 153C of the Act and thus, the same is liable to be quashed.*

*Since, the same legal issues arises in all four captioned appeals, therefore, our order will apply mutatis Mutandis in other three appeals.”*

8. The Ld. DR, on the other hand, relied on the orders of the lower authorities.

9. We have heard both the parities, perused the material available on record. The primary contention of the assessee is that as per the provisions of Section 153C(3) of the Act, if the search is conducted on or after 01.04.2021 then no notice u/s. 153C shall be issued and therefore the notice issued in assessee's case on 06.02.2023 is invalid. In this regard, we notice the Hon'ble Jurisdictional High Court while considering the identical issue in the case of Hari Govind (supra) has given a detailed finding that the proviso to Section 153C(1) of the Act is applicable to Section 153C(3) also whereby the date of satisfaction note is to be considered as the date of search in case of the other person. It is further held that therefore, if the satisfaction note for the purpose of Section 153C of the Act is dated on or after 01.04.2021 then the provisions of Section 153C will not apply. In this regard, it is also relevant to consider the Explanation 2 to Section 148 of the Act as applicable to the year under consideration which reads as under –

Explanation 2.—For the purposes of this section, where,—

- (i) a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A, on or after the 1st day of April, 2021, in the case of the assessee; or
- (ii) a survey is conducted under section 133A, other than under sub-section (2A) or sub-section (5) of that section, on or after the 1st day of April, 2021, in the case of the assessee; or
- (iii) **the Assessing Officer is satisfied, with the prior approval of the Principal Commissioner or Commissioner, that any money, bullion, jewellery or other valuable article or thing, seized or requisitioned under section 132 or section 132A in case of any other person on or after the 1st day of April, 2021, belongs to the assessee; or**
- (iv) the Assessing Officer is satisfied, with the prior approval of Principal Commissioner or Commissioner, that any books of account or documents, seized or requisitioned under section 132 or section 132A in case of any other person on or after the 1st day of April, 2021, pertains or pertain to, or any information contained therein, relate to, the assessee,

10. A combined reading of the ratio laid down by the Hon'ble High Court and the explanation to section 148 makes it clear that if the satisfaction is recorded on or after 01.04.2021, then no notice can be recorded u/s.153C and that only notice u/s.148 is to be issued. In assessee's case, it is an undisputed fact that the satisfaction note is recorded after 01.04.2021 which is substantiated by the following observations of the AO's order.

*“C1. The examination note in the case of assessee was sent by Deputy Commissioner of Income Tax, Central Circle-1 on 24/08/2022 and **a Satisfaction note was recorded by the Deputy Commissioner of Income Tax, Central Circle-3 on 08/09/2022.** Notice u/s 153C were issued to the assessee on 06/02/2023 after taking prior approval from the Joint Commissioner of Income Tax, Central Range, Coimbatore to file the return of income within 30 days of the service of notice.”*

11. When we apply the ratio laid down by the Hon'ble Jurisdictional High Court and the decision of the Coordinate Bench, we see merit in the arguments of the Ld. AR that the satisfaction note dated 08.09.2022 is to be considered as the date of search in the case of the assessee which is after 01.04.2021 and therefore the notice u/s. 153C of the Act dated 06.02.2023 is

not valid and is liable to be quashed. Consequently, we hold that the proceeding completed by the A.O u/s. 153C of the Act does not survive.

**ITA No. 2206, 2204, 2207 & 2144/Chny/2025**

12. The following table represents the relevant events and dates in the case of other assessee hereunder:

<i>Name of the assessee</i>	<i>Search initiated in the case of M/s. Anitha Texcot India Pvt. Ltd.</i>	<i>Satisfaction notice recorded by A.O of M/s. Anitha Texcot India Pvt. Ltd.</i>	<i>Satisfaction note recorded by the A.O of the assessee</i>	<i>Issue of notice u/s. 153C</i>
<i>Eveready Spinning Mills Pvt. Ltd.</i>	<i>17.03.2021</i>	<i>24.08.2022</i>	<i>08.09.2022</i>	<i>06.02.2023</i>
<i>Sundarsamy (Rep. by his wife as representative assessee)</i>	<i>17.03.2021</i>	<i>24.08.2022</i>	<i>08.09.2022</i>	<i>06.02.2023</i>
<i>Vadiappan Senthilmurugan</i>	<i>17.03.2021</i>	<i>24.08.2022</i>	<i>08.09.2022</i>	<i>06.02.2023</i>

13. From the above table, it is clear that the satisfaction note in the case of all the above assessee are recorded after 01.04.2021 and as per the ratio laid down by the Hon'ble Madras High Court, the provisions of Section 153C of the Act is not applicable to these assessee also. Therefore, we hold that for the above assessee the proceedings completed by the A.O u/s. 153C of the Act is not valid and the additions made there-under are liable to be deleted.

**ITA No.2168/Chny/2025:**

14. The assessee is the proprietor of M/s. Rainbow Traders. The notice u/s. 153C of the Act was issued on the assessee based on the search conducted in the case of M/s. Anita Texcot India Pvt. Ltd. stating that the assessee has entered into bogus sales transactions with the said party. The A.O while completing the assessment made an addition towards estimated commission @ 5% only alleged bogus sales transactions amounting to Rs. 2,38,398/-. On further appeal, CIT(A) confirmed the said additions.

15. The Ld. AR argued that the A.O has made the addition merely based on the sworn statement without recording any corroborative finding in assessee's case. The Id. AR further argued that even in the statement recorded, the parties have not stated anything pertaining to the assessee and therefore the addition made merely based on third party statement cannot be sustained. The Id. AR also argued that the total turnover of the assessee is more than Rs.20 Crores and the impugned alleged bogus sales is Rs. 47,67,950/- which goes to prove that the finding of the A.O is not substantiated. The Ld. AR submitted that the books of accounts of the assessee have not been deducted and estimating the commission on adhoc basis without rejecting the sales is not tenable.

16. The Id. DR, on the other hand, submitted that in the search proceedings there is a clear finding that there is no evidence with regard to the moment of goods and no delivery challans have been found. The Id. DR further submitted that the accountant of the search party has stated in the sworn statement that the impugned transactions are bogus in nature. Accordingly, the Id. DR supported the orders of the lower authorities.

17. We heard the parties and perused the material on record. There was search operation conducted in the case of M/s. Anita Texcot India Pvt. Ltd. and it was found that the said party has entered into bogus purchase transactions. Sworn statements are recorded from the accountant who stated that the entries pertaining to the said bogus transactions are passed based on the instruction of the director. Since the assessee has accounted for sales transactions with the searched party the A.O. of the assessee recorded his satisfaction and issued notice u/s.153C. The assessee submitted various details such computation of income, profit & loss a/c, Balance Sheet, Bank

statements, Delivery challans, ledger copy of M/s. Anita Texcot India Pvt. Ltd. etc., before the A.O. to substantiate the genuineness of the sales transactions. The A.O. did not accept the submissions and made addition estimating the commission income @ 5% of the impugned sales transaction. From the perusal of the relevant findings of the A.O. we notice that no specific discrepancies have been recorded pertaining to the documentary evidences submitted by the assessee. The findings of the A.O. in this regard is extracted hereunder:

*“C-3 Based on the material seized and the sworn statement recorded during the search proceeding u/s 132(4) of IT Act, in the case of M/s. Anitha Texcot Group, it is established that the assessee provided accommodation entries to M/s Anitha Texcot Pvt. Ltd., for these bogus sales transactions, for which the commission is received. Hence, Show Cause Notice was issued to the assessee on 10/12/2022 and duly served to it on the same date and proposing to add commission earned by the assessee at 5% of the bogus sales transactions i.e, Rs. 2,38,398/- (5% of Rs.47,67,950/-) to the total income as Income from other source.”*

18. We notice from the above observations that the A.O. has fully relied on the statements recorded and has not recorded any adverse findings with regard to the assessee. We further notice that the A.O. has not found any corroborative evidence to support the contention that the impugned transactions are non-genuine except that the accountant of searched party has said so. We have also notice from the perusal of the sworn statements as relied on by the A.O. that there is no specific mention of assessee's name and the statement merely mentions that bogus purchases are made from 15 parties. The Id DR did not bring any new material on record to prove that assessee's name is part of the 15 parties as stated in the statement recorded. Therefore we see merit in the contention that the A.O. has made the addition merely based on the statement recorded without any corroborative evidence incriminating the assessee. Further we notice that the assessee is having a substantial turnover of circa Rs.20 crores and the A.O. has not rejected the

sales declared by the assessee. In our considered view, when the sales is accepted and the books of accounts are not rejected, making adhoc addition towards commission as a percentage of alleged bogus sales cannot be sustained. In view of these discussions we direct the AO to delete the addition made.

**ITA No.2171/Chny/2025**

19. On perusal of records we notice that the facts in the present assessee's case are identical to that of impugned issue in the assessee's case in ITA No.2168/Chny/2025. Therefore our decision in ITA No.2168/Chny/2025 is mutatis mutandis applicable to the present assessee's case also. Accordingly we direct the A.O. to delete the addition made on estimated basis towards commission on alleged bogus sales.

20. In the result, all the appeals of the assessee are allowed.

*Order pronounced on 07<sup>th</sup> day of January, 2026 at Chennai.*

Sd/-  
(यस यस विश्वनेत्र रवि)  
(SS Viswanethra Ravi)

**न्यायिक सदस्य / Judicial Member**

Sd/-  
(पदमावती यस)  
(Padmavathy.S)

**लेखा सदस्य / Accountant Member**

चेन्नई/Chennai, दिनांक/Dated 07<sup>th</sup> January, 2026.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF