

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'A', NEW DELHI**

**BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE-PRESIDENT
&
MRS. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER**

ITA No. 6213/DEL/2025; Assessment Year: 2018-19

ITA No. 6214/DEL/2025; Assessment Year: 2019-20

ITA No. 6215/DEL/2025; Assessment Year: 2020-21

ITA No. 6216/DEL/2025; Assessment Year: 2021-22

DCIT Room No. 348, ARA Centre E 2, Jhandewalan New Delhi	Vs	Ms. Shally Thapar Thapar Farms, Church Road, Pocket A, Vasant Kunj New Delhi- 70
(APPELLANT)		(RESPONDENT)
PAN No. ABIPT5390F		

Assessee by : Shri Sushi Wadhwa, CA

Revenue by : Shri Jitender Singh, CIT DR

Date of Hearing: 06.01.2026

Date of Pronouncement: 14 .01.2026

ORDER

PER RENU JAUHRI :

The above captioned four appeals are preferred by the Revenue against the order dated 18.06.2025, passed by Ld. CIT(A)-29, New Delhi u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as, "Act").

2. At the threshold, it is noted that the Appeals are time-barred by 01 day. An application for condonation along with an affidavit has been filed by the

assessee. Considering the reasons explained therein, minor delay of 1 day is hereby condoned.

3. Since common issues have been raised except difference in figures of addition involved in all these appeals filed by the Revenue, these are being disposed off by a common order. ITA No. 6213/DEL/2025 for A.Y. 2018-19 is taken up as the lead case and, the grounds of appeal are reproduced below:

- “1. Whether Ld. CIT(A) erred in deleting the addition u/s 69C of the IT Act in view of interest paid in cash to tune of Rs. 1,48,38,464/- even if loan is paid through banking channel.*
- 2. Whether Ld. CIT(A) erred in deleting the addition even if the incriminating material seized in the form of sheet was found during the search and the same was confronted during as well as post search enquiries.*
- 3. Whether Ld. CIT(A) erred in deleting the addition by considering that the sheet was found from third party premise and was not corroborative with the evidences even if the date-wise entries mentioned in the sheet are corroborative with the bank accounts of the assessee as well as that of lender.*
- 4. Whether Ld. CIT(A) erred in deleting the addition merely on the basis of afterthought submission of the assessee without corroborating the same with any evidences.*
- 5. Whether Ld. CIT(A) erred in deleting the addition by considering the incriminating material found from the search on third party even if the assessee is directly linked with with Sh. Amarjit Singh Sethi through financial transactions as well as family friend.”*

Although five grounds have been raised, the sole substantive issued involved relates to addition of Rs. 1,48,38,464/- on account of interest paid in cash by the assessee.

4. Brief facts of the case are that a search and seizure action was conducted on Shri Amarjiti Singh Sethi and others on 23.03.2022 during which various incriminated documents were found and seized. These included documents indicating that the assessee, Shri Shally Thapar had entered into financial transactions with Shri Amrajit Singh Sethi and Smt. Dolly Sabharwal. Accordingly, the case of the assessee was centralized and a notice u/s 148 was issued on 28.02.2024, requiring him to file his return. In response, the assessee filed return declaring income of Rs. 18,13,092/- on 06.03.2024.

4.1 A sheet had been recovered from the car belonging to Shri Amarjit Singh Sethi during the course of search which contained computation of interest on loan amount of Rs. 6.62 Cr. for different years. During the course of search, Shri Amarjit Singh Sethi stated an oath that the computation related to loan of Rs. 6.62 Cr. given by Smt. Dolly Sabharwal, mother-in-law to his daughter to his friend Shri Shally Thapar and the interest amount mentioned in the sheet had been calculated as the same was to be taken from Shri Shally Thapar. However, no interest was actually paid by Shri Shally Thapar.

5. In order to verify the facts, statement of Smt. Dolly Sabharwal was recorded by the Ld. AO u/s 131, who denied the receipt of interest from Shri Shally Thapar. Further, the assessee also denied having made any interest payment on the amount of Rs. 6.62 Cr. However, Ld. AO did not accept the

submissions made by the assessee as well as Smt. Dolly Sabharwal and concluded that the interest as per the computation sheet had indeed being paid by the assessee in cash to Smt. Dolly Sabharwal and further noted that there was an entry at the end of the computation sheet showing 7 month interest on Rs. 12.5 Cr. as Rs. 1,31,25,000/-. He, therefore, proceeded to make an addition of Rs. 1,48,38,464/- u/s 69C of the Act on account of unexplained expenditure incurred for payment of interest in cash. Accordingly, assessment was completed u/s 147 r.w.s. 143(3) at an income of Rs. 1,64,42,230/-. Aggrieved, the assessee preferred an appeal before Ld. CIT(A).

6. Vide order dated 18.06.2025, Ld. CIT(A) allowed the appeal of the assessee with the following observations:

“ 6.5 I have considered the facts and circumstances of the case, and the arguments of both the AO and the appellant. In law, there is no presumption of accuracy or truthfulness of any loose sheet found in search premises of a third party. The statute only raises such presumption against the appellant in terms of section 132(4A) and 292C, which is applicable only in case of searched person and not the third person. Reliance in this regard is placed upon the decision Hon'ble Delhi High Court in the case of CIT, Delhi-IX vs. Anil Khandelwal (ITA no. 247 & 248/2012 decided on 21.04.2015) wherein the addition u/s. 69 of the Act was made, on the basis of materials seized from another person, but not from the possession and control of the Assessee, by taking refuge of presumption as prescribed u/s 132(4A) and section 292C of the Act, whereas the Assessee claimed to have never received any amount as depicted in the seized papers and the person from whose possession and control, the seized

documents were found also denied to have never received or paid any cash to the Assessee or those connected with him. Therefore, the Hon'ble High Court held that amounts attributed to the Assessee in fact, had not been established and that in the given circumstances, the reference of section 132(4A) and 292C of the Act was not justified.

*6.6 Once, the document found in the course of search of third party loses its veracity as to the accuracy of its content, the same can be relied upon only if other corroborative evidences are found in search or from further investigations. Unfortunately, in the present facts, there is no whisper of any other evidence, direct or circumstantial, which could suggest that the appellant had paid interest to the lender, i.e. Mrs. Dolly Sabharwal. In these circumstances, the amount of addition could only be considered as notional in nature made on the basis of assumption. It is a settled position in law, that no addition of notional income could be made under the Income-tax act to be brought to tax. Reference, in this regard, can be made to the celebrated decision of Supreme Court in the case of **KP Varghese v ITO: 131 ITR 597**. Thus, the present addition made by the AO could only be considered as notional in nature which cannot even be justified by applying deeming fiction contained in section 69C of the Act. Accordingly, addition made by AO u/s 69C of the Act for AY 2017-18 is hereby deleted. ”*

7. Aggrieved with the order of the Ld. CIT(A), the Revenue is in appeal before the Tribunal.

8. Ld. DR has argued that the sheet was discovered during the course of search and seizure from the car belonging to the assessee's friend and it contained elaborate computation of interest with respect to the loan of Rs. 6.62 Cr which

had been advanced by Smt. Dolly Sabharwal, a close relative of Shri Amarjit Singh Sethi. Accordingly, Ld. AO has rightly made the addition on account of interest paid in cash by the assessee as is evident from the computation sheet. He, therefore, argued that the order of Ld. AO deserves to be upheld.

8.1 On the other hand, Ld. AR has strongly relied upon the order of Ld. CIT(A) and pointed out that there is no evidence whatsoever that any interest was paid by the assessee on the impugned loan. It has been explained that the amount was transferred for the purpose of construction of a factory and the same was returned through banking channels as the proposed construction did not materialize. He has therefore argued that the Ld. CIT(A) has rightly deleted the addition made by the Ld. AO and the order of CIT(A) deserves to be upheld.

9. We have heard the rival submissions and carefully considered the material placed on record. Admittedly, the document in question was recovered from Sh. Amarjeet Singh and not from the assessee. Both the parties *viz* the assessee and Smt. Dolly Sabharwal have denied having received/paid any interest on the loan. There is no other evidence, whatsoever, to show that any interest had been paid by the assessee.

Under these facts and circumstances, Ld. CIT(A) has rightly held that presumption u/s 132(4A) r.w.s. 292C cannot be raised against the assessee and

deleted the addition. We, therefore, find no reason to interfere with the order of the Ld. CIT(A). Accordingly, appeal of the Revenue is dismissed.

10. Since identical issues are involved in the remaining 3 appeals, the above decision will apply *mutatis mutandis* to these appeals also.

11. Accordingly all the four appeals of the Revenue are hereby dismissed.

Order pronounced in the Open Court on 14 -01-2026.

Sd/-
(MAHAVIR SINGH)
Vice President

Sd/-
(RENU JAUHRI)
Accountant Member

Dated: 14.01.2026

Pooja Mittal

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi