

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "H (SMC)" MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)
AND
SHRI SANDEEP SINGH KARHAIL (JUDICIAL MEMBER)**

**ITA No. 6174/MUM/2025
Assessment Year: 2019-2020**

ACIT,
322, 3rd floor, Piramal
Chamber, Parel,
Mumbai-400012.

Appellant

Vs. Bhavin Kumar Rameshkumar
Jain,
501, Orient Arcade, A Wing, 5th
floor, Drt. BA Road,
Chinchpolki,
Mumbai-400012.
PAN NO. AGOPJ 6911 H
Respondent

Assessee by : None
Revenue by : Mr. Pravin Salunkhe, Sr. DR

Date of Hearing : 12/01/2026
Date of pronouncement : 20/01/2026

ORDER

PER OM PRAKASH KANT, AM

This appeal by the Revenue is directed against order dated 02.07.2025 passed by the Ld. Commissioner of Income-tax (Appeals) – National Faceless Appeal Centre, Delhi [in short ‘the Ld. CIT(A)'] for assessment year 2019-2020, raising following grounds:

1. That on the facts and in the circumstances of the case, the Ld. CIT(A) erred in deleting the addition of Rs. 15,000/- made by the Assessing Officer under section 69C of the Income-tax Act, 1961 on



account of commission paid to the political party Rashtriya Samajwadi Party (Secular) for arranging/facilitating bogus deduction u/s 80GGC, ignoring the evidence gathered by the Investigation Wing and the sworn statement of the ex-president of the political party recorded u/s 132(4) of the Act.

2. That the Ld. CIT(A) erred in holding that the commission expenditure of Rs. 15,000/- was incurred out of the assessee's admitted income and therefore not liable to addition u/s 69C, without appreciating that the assessee had failed to offer any satisfactory explanation regarding such expenditure and that the transaction itself was sham, being linked to bogus deduction entries.

3. That the Ld. CIT(A) erred in not appreciating that section 69C specifically provides that where the source of expenditure is not explained satisfactorily, the same shall be deemed to be the income of the assessee, and in the present case, the assessee's explanation was neither genuine nor acceptable in view of the findings of the Investigation Wing regarding the modus operandi of the political party in providing accommodation entries.

4. That the Ld. CIT(A) failed to appreciate that the assessee himself had revised his return of income in response to notice u/s 148 and withdrew the bogus claim of deduction of Rs 3.00.000/- u/s 80GGC thereby admitting to having originally misreported income and hence the assessing officer was justified in bringing to tax the commission element of Rs. 15000 as unexplained expenditure under section.69C.

5. That the id. CIT A erred in holding that penalty proceeding initiated under Section 271AAC should be dropped merely because the addition under section.69C was deleted without appreciating that the deletion itself is not sustainable.

2. The facts, in brief, are that the assessee filed his return of income electronically on 08.08.2019, declaring gross total income of ₹36,29,172/- and total taxable income of ₹29,17,550/-.

2.1 Subsequently, a search and seizure action under section 132 of the Income-tax Act, 1961 (hereinafter referred to as "the Act") was conducted in the case of a political party, namely Rashtriya



Samajwadi Party (Secular). During the course of the search, a large number of incriminating materials were found and seized, including bogus donation receipts, diaries containing details of commission charged, loose papers reflecting vital information, and WhatsApp chats retrieved from the mobile phones of office bearers and key handlers of the political party. These materials revealed that the said political party was engaged in providing bogus deductions under sections 80GGB/80GGC of the Act to various beneficiaries.

2.2 During the course of the search proceedings, the documentary and digital evidence so gathered was confronted to key persons of the party, and their statements were recorded on oath under section 132(4) of the Act. In particular, the statement of **Smt. Sandhya Singh**, President of Rashtriya Samajwadi Party (Secular), was recorded on 07.09.2022. She stated that she had joined the party at the instance of her husband, **Shri Bishwajeet Singh**, and that she was not aware of the affairs, finances, bank accounts, or expenditures of the party, which were being entirely managed by her husband.

2.3 Consequently, the statement of **Shri Bishwajeet Singh** was also recorded on oath under section 132(4) of the Act on the same date. He categorically admitted that the party was involved in a bogus donation racket across the country and that such activities had been carried out since the inception of the party. He explained



the modus operandi, stating that donations were received through banking channels, commission was deducted, and the balance amount was returned to the donors through cash withdrawals and layered transactions involving dummy entities. He further disclosed that **Shri Riteshkumar S. Shah** played a key role in arranging such bogus donations through a network of chartered accountants across India.

2.4 Based on the seized material, bank statements, and data available on the Insight Portal, the Investigation Wing prepared a list of beneficiaries who had availed bogus deductions under section 80GGC/80GGB of the Act.

2.5 Upon receipt of information through the Insight Portal, the Assessing Officer examined the return of income filed by the assessee and found that the assessee had claimed a deduction of ₹3,00,000/- under section 80GGC on account of donation made to Rashtriya Samajwadi Party (Secular).

2.6 In view of the findings of the Investigation Wing and the statements recorded under section 132(4) of the Act, proceedings under section 148A were initiated. After granting an opportunity of being heard under section 148A(b), an order under section 148A(d) was passed on 30.03.2023, followed by issuance of notice under section 148 on 31.03.2023.



2.7 In response to the notice under section 148, the assessee filed a return of income and voluntarily offered the amount of ₹3,00,000/-, being the earlier claimed deduction under section 80GGC, for taxation. Consequently, no addition was made by the Assessing Officer on account of the bogus donation during the reassessment proceedings.

2.8 However, relying on the statement of **Shri Amitkumar Chaturvedi**, former President of Rashtriya Samajwadi Party (Secular), recorded on 15.12.2022, wherein it was stated that commission ranging from 4.5% to 5% was charged on such bogus donations, the Assessing Officer made an addition of **₹15,000/-** (being 5% of ₹3,00,000/-) under section 69C of the Act, treating the same as unexplained expenditure towards commission. Penalty proceedings under section 271AAC of the Act were also initiated.

2.9 On appeal, the learned Commissioner (Appeals) deleted the addition of ₹15,000/-. The CIT(A) observed that although the assessee had initially claimed deduction under section 80GGC, the amount of ₹3,00,000/- had subsequently been offered to tax in the return filed in response to notice under section 148. It was further observed that the source of the alleged commission stood explained out of the assessee's own disclosed income, and therefore, the provisions of section 69C were not attracted.



3. We have heard the learned Departmental Representative and perused the material available on record. Despite service of notice, none appeared on behalf of the assessee, and therefore, the appeal was heard *ex-parte* qua the assessee.

3.1 The only issue arising for our consideration is whether the addition of ₹15,000/- under section 69C of the Act towards alleged commission paid for obtaining bogus donation receipt was justified.

3.2 Section 69C of the Act provides for deeming unexplained expenditure as income where the assessee either offers no explanation about the source of such expenditure or the explanation offered is found unsatisfactory. A plain reading of the provision makes it abundantly clear that the sine qua non for invoking section 69C is the absence of explanation regarding the source of the expenditure.

3.3 In the present case, the amount of ₹3,00,000/- originally claimed as deduction under section 80GGC has been admittedly offered to tax by the assessee in the reassessment proceedings. Thus, the source of funds out of which the alleged commission is presumed to have been paid stands fully explained from the assessee's disclosed and taxed income. Once the source is explained, no separate addition under section 69C can be sustained.



3.4 The addition made by the Assessing Officer is purely based solely on generalized statements recorded during search proceedings in the case of third parties. But otherwise, the source of such alleged expenditure stands explained as out of cash received back by the assessee from the concerned political party.

3.5 In view of the above facts and legal position, we find no infirmity in the order of the learned Commissioner (Appeals) in deleting the addition. Accordingly, the same is upheld.

3.6 The grounds raised by the Revenue are **dismissed**.

4. In the result, the appeal of the Revenue is dismissed.

Order pronounced in the open Court on 20/01/2026.

Sd/-
(SANDEEP SINGH KARHAIL)
JUDICIAL MEMBER

Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER

Mumbai;
Dated: 20/01/2026
Rahul Sharma, Sr. P.S.

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,
(Assistant Registrar)
ITAT, Mumbai