

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
and
SHRI S.RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No.2168/Del/2025
(Assessment Year: 2022-23)**

Santosh Bansal,
Ground Floor, Santosh Complex,
Dak Bungalow Road,
Bandar Bagicha,
Patna – 800 001 (Bihar).

vs.

JCIT, Central Circle 16,
New Delhi.

(PAN : AEXPB8934M)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Neeraj Jain, CA
Shri P.K. Mishra, CA
REVENUE BY : Shri Jitender Singh, CIT DR

Date of Hearing : 20.11.2025
Date of Order : 30.01.2026

ORDER

PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :

1. The assessee has filed appeal against the order of the Learned Commissioner of Income Tax (Appeals)-20, New Delhi ["Ld. CIT (A)", for short] dated 27.02.2025 for the Assessment Year 2022-23.

2. Brief facts of the case are, a search and seizure operation under section 132 of the Income-tax Act, 1961 (for short 'the Act') was conducted on 17.11.2021 and on subsequent dates on different business and residential premises of Pacific Group of cases. The case of the assessee was also covered during the search and seizure operation. The assessee filed the original return of income on 29.07.2022 declaring income of Rs.1,42,29,940/-. Subsequently, notice under section 143(2) and 142(1) of the Act along with questionnaire were issued and served on the assessee. In response, ld. AR of the assessee attended and submitted the relevant information as called for.
3. During assessment proceedings, on perusal of the documents found during the search, it was observed that from Locker No.L-1558, Key No.10 in Alaknanda Vaults Pvt. Ltd., jewellery amounting to Rs.1,56,76,253/- was found out of which amounting to Rs.62,22,911/- was seized, bullion amounting to Rs.1,09,55,201/- was found and out of which amounting to Rs.71,45,681/- was seized along with other materials. The assessee was asked to substantiate and provide reconciliation of the jewellery in her books of account versus that which was seized. In response, assessee has submitted a ledger account, for the sake of brevity, the same is reproduced below :-

(13)

SANTOSH D BANSAL

JEWELLERY
Ledger Account

Apr-2006 to 31-Mar-2020

Date	Particulars	Vch Type	Vch No	Debit	Credit
01-04-2006	Cr: Opening Balance			8545000.00	
26-01-2014	Cr: MOHIT IMPEX BEING AMT DUE FOR PURCHASE CUT & POLISHED DIAMONDS VIDE INV NO 10- 2013-14	Journal	18	5816788.00	
28-05-2014	Cr: GR THANGA MALIGAI & SONS BEING BILL BOOKED VIDE INV NO 45778	Journal	3	1140000.00	
03-08-2014	Cr: MOHIT IMPEX BEING AMT DUE FOR PURCHASE CUT & POLISHED DIAMONDS VIDE INV NO 15/2014-15	Journal	9	4932025.00	
05-03-2015	Cr: YASH ENTERPRISES BEING AMT DUE FOR PURCHASE CUT & POLISHED DIAMONDS VIDE INV NO 13/2014-15	Journal	65	2499952.00	
21-03-2015	Cr: JOB WORK-DIAMOND BEING AMT TRF	Journal	70	92160.00	
25-06-2015	Cr: MOHIT IMPEX BEING DIAMONDS PURCHASES	Journal	8	4400039.00	
10-10-2017	Cr: JOHNSON WATCH CO PVT.LTD BEING PURCHASE WATCH VIDE INV NO 528242	Journal	26	817600.00	
27-10-2018	Cr: BHANSALI JEWELLERS BEING PURCHASE NEW JEWELLERY GOLD(30.250GMS),DIAMOND(11.88CTS) AND SOLITAIRE(43.90CTS) VIDE INV NO BJ/2018-19/218	Journal	21	6167640.00	
10-11-2019	Cr: BHANSALI JEWELLERS Being loose and solitaire (cut & polished diamond) purchased against invoice no BJ/2019-20/215 dt 03.11.2019	Journal	52	6882412.00	
				41393636.00	
	Dr: Closing Balance				41393636.00
				41393636.00	41393636.00

4. After considering the above ledgers, the AO observed that assessee has disclosed opening balance of gold jewellery including 22K coins as on 31.03.2006 with the value of Rs.85,45,000/-. When the assessee was asked to substantiate the above said opening balance of jewellery, assessee submitted that assessee was assessed for tax over more than 40 years. The purchases of the jewellery/bullion made prior to 2006 out of the disclosed sources of the assessee. In this regard, assessee has

submitted a copy of jewellery account which was already reproduced above and it was also submitted that in the latest return of income, the assessee has disclosed value of jewellery/bullion in the asset side of the affairs at Rs.4,13,93,636/- which includes the opening balance of jewellery/bullion as on 01.04.2006. Therefore, the above jewellery is already disclosed in the books of account that cannot be treated as undisclosed. After considering the submissions of the assessee, the AO rejected the above submission and observed that the reply of the assessee is not found satisfactory as the assessee was not able to produce any documentary evidences to corroborate source of gold jewellery, therefore, by adopting the value as on 14.01.2022 based on the latest valuation of jewellery report, he proceeded to make addition of Rs.1,46,05,349/- for the jewellery/bullion of 3312.02 gms.

5. Aggrieved with the above order, assessee preferred an appeal before the Id. CIT (A)-26, New Delhi. Before the Id. CIT (A), detailed submissions were made as under :-

“It is submitted that the books of accounts of the appellant represent the assets acquired out of the known sources of income. As per Section 34 of Indian Evidence Act, entries in books of accounts including those maintained electronic form, regularly kept in the course of business, are relevant whenever they refer to a matter into which the Court has to inquire, but such statements shall not alone be sufficient evidence to charge any person with liability.

It is submitted that the books of accounts by themselves are a documentary proof. The opening balance of jewellery as on 31.03.2006 of Rs. 3312.02 gms of gold valued at the rate of Rs. 2580 per gram 85,45,0001- (represented by as on 31.03.2015) does not require any further proof There is no obligation of the

assessee under law to maintain any records of evidences for period beyond ten years. The only exception u/s 34 of the Indian Evidence Act is that the books of accounts alone are not sufficient to charge any third person with a liability which does not apply to a person maintaining the books of accounts in the regular course of business.

It may be mentioned that in A Y 2020-21 in the return of income filed prior to the date of search, the appellant has disclosed jewellery and bullion etc., in Schedule AL a sum of Rs.4,13,93,636/- and the closing balance as per the copy of ledger account of jewel/cry tallies with disclosed figure in the return of income meaning thereby that the appellant has disclosed the jewellery acquired by her at cost and- thus the opening balance of Rs.85,45,000/- is duly disclosed.

The appellant in the chart mentioned at page 2 of submission dated 25.03.2023 has converted the opening balance of Rs. 85,45,000/- into gold weighing 3312.02 gms by taking a conservative value as on 31.03.2015 to justify the availability of gold to this extent even it, 2015.

In view of above, it is submitted that the addition of Rs.1,46,05,349/- representing the value of 3312.02 gms of gold as on 14.01.2022 deserves to be deleted.”

6. After considering the submissions of the assessee, ld. CIT (A) sustained the additions made by the AO and dismissed the appeal preferred by the assessee.

7. Aggrieved, assessee is in appeal before us raising following grounds of appeal :-

1. That the order of learned Commissioner of Income Tax (Appeals) is bad in law as well as on the facts and in the circumstances of the case.

2. That the learned Commissioner of Income Tax (Appeals) has erred in dismissing the contention of the appellant that proper opportunity of being heard was not provided by the ld. AO.

3. That the learned Commissioner of Income Tax (Appeals) has erred in upholding that the assessee has not been able to provide the documentary proof acquiring of gold jewellery weighing 3312.02 gms (shown as the opening balance as on 01.04.2006) and

valuing the same at Rs. 1,46,05,349/- as per the rates prevalent on 14.01.2022 (Rs. 4409.80 per gm).

4. That the learned Commissioner of Income Tax (Appeals), has erred in upholding the value of gold jewellery including 22 carat gold coins weighing 3312.02 gms. at rates prevalent on 14.01.2022 and not at rates prior to 2006.

5. That the learned Commissioner of Income Tax (Appeals), has erred in ignoring the contention of the assessee that the alleged unexplained jewellery was part of the jewellery shown at the purchase value of Rs.4,13,93,636/- in the asset liability statement of the return filed for AY 2020-21 the details of which were provided to him in the copy of ledger account of jewellery.

6. That the learned Commissioner of Income Tax (Appeals), has erred in upholding the finding of the ld. AO that the source of 3312.02 gms of jewellery remains unexplained.

7. That the learned Commissioner of Income Tax (Appeals), has erred in upholding the addition of Rs.1,46,05,349/- made by the ld. AO on account of it being unexplained income by applying the provisions of section 69B of the Act on the basis of presumptions and surmises.

8. That the learned Commissioner of Income Tax (Appeals), has erred In upholding the invocation of the provisions of section 115BBE of the Act.

8. At the time of hearing, ld. AR of the assessee brought to our notice relevant facts on record and brought to our notice pages 11 to 65 of the paper book wherein assessee has submitted the details of jewellery and reconciliation of the jewellery found during the search with books of account maintained by her. He further brought to our notice assets and liability statement filed along with the return of income wherein assessee has disclosed the total jewellery/bullion as per the books of account

maintained by the assessee and the above said return of income was filed prior to the search. He prayed that the above said jewellery was disclosed prior to the search, therefore, it should be considered as declared assets. Further, he brought to our notice ITAT orders passed in favour of the assessee's belonging to the same group in part and placed copies of the same on record.

9. On the other hand, ld. DR of the Revenue submitted that during assessment proceedings, assessee has not brought on record relevant declaration made by the assessee prior to the search either by filing Wealth-tax return or any other document to substantiate the sources of the same. Therefore, he relied on the findings of the lower authorities.
10. Considered the rival submissions and material placed on record. We observed that based on the search and seizure operations conducted in group cases, they found jewellery/bullions in the Locker No.L-1558, Key No.10 in Alaknanada Vaults Pvt. Ltd. out of which Rs.63,22,911/- worth of jewellery and Rs.71,45,681/- worth of bullions were found and seized. When the assessee was asked to submit the reconciliation of jewellery which was found during the search, in response assessee has submitted ledger copy of the jewellery/bullions maintained in her books of account. The AO accepted the details of jewellery purchased and declared in the ledger account from 2014 to 2019, however observed that the assessee

could not substantiate the opening balance as on 01.04.2006 to the extent of Rs.85,45,000/- the equivalent jewellery is 3312.02 gms. as on 31.03.2006. Since assessee could not substantiate jewellery/valuation maintained by her as on 01.04.2006, the AO proceeded to make addition. After considering the details submitted before us, we observed that it is a fact on record that assessee has declared the value of jewellery/bullion in her return of income filed prior to the search conducted which is based on the books of account maintained by her, the value declared by her in return of income as on 01.04.2006. It is also clear on record that assessee is a high net worth individual who had continued to declare high return of income over the years merely because the value of jewellery maintained by her in her books of account to the extent of jewellery as opening stock as on 01.04.2006 was not substantiated by proper bills/vouchers, the claim of the assessee cannot be set aside. Considering the status of the assessee, we cannot completely reject the books of account maintained by her. It is also fact on record that assessee has declared the above value of jewellery in her return of income which was filed before the search which could not be denied. Considering the status and high net worth of the individual, in our considered view, the value of assets which was outstanding as on 01.04.2006 which could not be substantiated is 20% of the total value of jewellery/bullions declared by her in return of income.

That being the case, we direct the AO to restrict the undisclosed jewellery to the extent of 20% of the value of jewellery valued as on 31.03.2022 i.e. Rs.1,46,05,349. Accordingly, we direct the AO to disallow 20% of Rs.1,46,05,349/-.

11. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the open court on this 30th day of January, 2026.

**Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER**

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

**Dated: 30.01.2026
TS**

Copy forwarded to:

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

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**