

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

BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER

AND

SHRI AMITABH SHUKLA, ACCOUNTNAT MEMBER

**ITA No.5131/DEL/2025
[Assessment Year: 2023-24]**

Zento Exim Private Limited, 1/4331, T/F, KH No.587 Ram Nagar Extension, New Delhi-110032	Vs	ACIT, Vikas Bhawan, ITO, New Delhi-110002
PAN-ALJPK8665M		
Assessee		Revenue

Assessee by	Shri Gaurav Jain, Adv. Shri Tarun Chanana, Adv.
Revenue by	Ms. Amish S Gupt, Sr. DR

Date of Hearing	19.01.2026
Date of Pronouncement	19.01.2026

ORDER

PER AMITABH SHUKLA, AM,

This appeal filed by the assessee is against order dated 23.06.2025 of learned Commissioner of Income Tax (Appeals)- 3, [hereinafter referred to as 'ld. CIT(A)] arising out of assessment order dated 25.03.2025 passed under section 143(3) of the Income Tax Act, 1961 pertaining to Assessment Year 2023-24. The word 'Act' herein this order would mean Income Tax Act, 1961.

2. The assessee has raised following grounds of appeal:-

1. That, the Id. CIT(A) has erred in law and on facts in upholding the assessment order dated 25.03.2025, passed under section 143(3) of the Income Tax Act, 1961 ("the Act") completing assessment at an income of Rs. 4,23,59,050/- as against income of Rs. 63,59,050/- declared by the appellant.

2. That the Id. CIT(A) has erred in law in not quashing the assessment order on the ground that approval, accorded by the Id. Addl. Commissioner of Income Tax, Central Range, Meerut u/s 148B dated 20.03.2025 was mechanical in nature and without application of mind.

3. That the Id. CIT(A) erred in law and on fact, in confirming the addition of Rs. 3.6 crores made by the AO u/s 69A r.w.s.

115BBE of the Act on alleging earning commission income of purchases from Montage Enterprises Private Limited alleged to be an accommodation entry.

3.1 That the Id. CIT(A) has erred on facts and in law, in confirming the aforesaid addition on the basis of loose slips found in search of third party which were nothing but dumb documents having no evidentiary value in absence of any corroborative evidence.

3.2 That the Id. CIT(A), has failed to appreciate that the AO relied upon the statement of third party (Mr. Manoj Kandal) without providing an opportunity of cross examination to the assessee which is a gross violation of natural justice.

3.3 That the Id. CIT(A) erred in law in holding that the statement of Mr. Manoj Kandpal recorded under section 132(4) of the Act during the search investigation constitutes incriminating material.

3. Brief facts of the case during the year under consideration, the assessee filed his Return of Income for A.Y. 2023-24 on 28.10.2023, declaring total income of Rs.63,59,050/-. A search and seizure operation under section 132 was initiated on M/s Montage Enterprises Pvt. Ltd. (MEPL) on 21.02.2023. The premises owned by the assessee was also covered during the search and seizure operation. In this light, the case of the assessee was opened for assessment u/s

143(3) of the Act after issuing notice u/s 143(2) of the Act dated 18.06.2024. As per the facts recorded by the ld. AO in the assessment order, during the course of search on MEPL, inter alia, a total of forty notepads were found and seized as Annexure-D-1 to D-39. Shri Manoj Kandpal affirmed that the hand written noting represented cash transactions-Kacha Bahi Khata of MEPL. Thus, it was explained that right hand side of the notebook recorded the receipts and left-hand side the expenditure. The cash receipts were reportedly made through entry providers. The ld. AO queried the assessee qua these transactions and being unsatisfied proceeded to take the total of receipts of Rs.89,30,00,000/- available in the impugned notepads as unaccounted accommodation receipts and calculated a commission of 4% qua said accommodation entries aggregating to Rs.3,60,00,000/- and added the same under section 69A r.w.s. 115BBE of the Act. The ld. CIT(A) after considering the arguments of the assessee and judicial precedents concerning the case, fully concurred with the AO's finding and confirmed the addition.

4. Per Contra, the ld. Sr. DR relied upon the orders of the lower authorities.

5. We have heard the rival submissions in the light of material placed on record. The ld. Counsel for the assessee reiterated the arguments taken before the ld. CIT(A). It was vehemently argued that no case of any addition is made out. We have noted that the ld. AO has explicitly brought out that the search action led to seizure of incriminating document and the corresponding statement

of Shri Manoj Kandpal alluded that the assessee was indeed indulging in unaccounted transactions. Before us also, the assessee has failed to rebut with any evidence the conclusions drawn by the Id. Lower authorities. We have however also noted that the estimation of 4% by the Id. AO is based upon ad-hoc conjectures and is not supported by any evidence. We have noted that such transactions the commission charged hovers around 1%. Be that as it may be, we deem it appropriate to restrict the addition to 1% as against 4% adopted by the Id. AO. The order of the lower authorities is set-aside and the Id. AO is directed to recalculate the commission @1% and issue fresh demand notice.

6. So far as assessee's assessment under section 115BBE is concerned, we quote S.M.I.L.E. Microfinance Ltd. Vs. ACIT, W.P. (MD) No.2078 of 2020 & 1742 of 2020, dated 19.11.2024 (Madras) that the impugned statutory provision would come into effect on the transaction done on or after 01.04.2017 only. The assessee is accordingly directed to be assessed under the normal provision as per law.

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

Order pronounced in the open court on 19th January, 2026.

Sd/-
[SATBEER SINGH GODARA]
JUDICIAL MEMBER

Dated: 20.01.2026

Shekhar

Sd/-
[AMITABH SHUKLA]
ACCOUNTANT MEMBER

Copy forwarded to:

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

Asst. Registrar,
ITAT, New Delhi,