

आयकरअपीलीयअधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

श्री इंतूरी रामा राव लेखासदस्य एवं श्री मनु कुमार गिरि, न्यायिक सदस्य
BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER AND
SHRI MANU KUMAR GIRI, JUDICIAL MEMBER

आयकरअपीलसं. **ITA No 3021/Chny/2025**

निर्धारणवर्ष/**Assessment Years: 2017-18**

Shamima Haseenathul,
36-A, Railway Colony 3rd Street,
Aminjikarai, Chennai-600 029

[PAN: AADTV 6860 E]

(अपीलार्थी/**Assessee**)

v. DCIT, Non-Corporate,
Circle-7(1), Chennai-600 034

(प्रत्यर्थी/**Respondent**)

अपीलार्थीकीओरसे/ Assessee by : Mr. G. Baskar, Advocate
प्रत्यर्थीकीओरसे /Respondent by : Ms. R Anitha, Addl CIT
सुनवाईकीतारीख/Date of Hearing : 16.02.2026
घोषणाकीतारीख /Date of Pronouncement : 17.02.2026

आदेश / O R D E R

PER MANU KUMAR GIRI, Judicial Member:

The captioned appeal by the assessee is arising out of the order of the Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi dated 07.10.2025 for AY 2017-18.

2. The assessee, an individual, filed her income tax return for Assessment Year 2017-18 on 27.11.2017, declaring a total income of Rs.7,86,00,000/-. The case was selected for limited scrutiny under CASS to verify deductions and exemptions claimed against capital gains. During assessment, the Assessing Officer (AO) observed that the assessee was a shareholder of M/s. Welcome



Fisheries Pvt. Ltd. She sold her shares in the company on 01.04.2016 for Rs.12,50,00,000/- and reported a capital gain of Rs.7,86,00,000/- after claiming deductions of Rs.50,00,000/- u/s. 54EC and Rs.2,64,00,000/- u/s.54F of the Income-tax Act. She stated that the cost of acquisition of the shares as of 15.10.1987 was Rs.20,00,000/-. However, the AO noted that the company's total share capital was only Rs.5,00,000/- and therefore asked the assessee to substantiate both the sale consideration of Rs.12.5 crore and the claimed acquisition cost of Rs.20 lakh. As she failed to provide sufficient supporting evidence, the AO treated the entire sale proceeds of Rs.12.5 crore as unexplained income u/s. 68 of the Act and taxed it u/s. 115BBE.

3. Aggrieved by the assessment order passed by the AO, the assessee has filed appeal before the Id.CIT(A). Following findings have been rendered by the CIT(A):

Regarding Admission of Additional Evidence under Rule 46A:-

I have carefully considered the submissions made by the assessee. It is observed that during the appellate proceedings, the assessee furnished certain documents and information which were not produced before the Assessing Officer (AO) during the course of assessment proceedings. Since additional evidences were filed for the first time at the appellate stage, a remand report was called for from the AO vide letter dated 02.11.2023. Subsequent reminders were also issued on 19.12.2024, 04.06.2025, and 09.09.2025. However, no response has been received from the AO till date.

The assessee was also requested, vide this office letter dated 09.09.2025, to coordinate with the AO and furnish the necessary clarifications/information in connection with the remand



proceedings. Despite this opportunity, there has been no compliance from the assessee. On perusal of the submissions and the material available on record, I find that the assessee has not demonstrated how the conditions prescribed under Rule 46A of the Income-tax Rules are satisfied so as to warrant admission of additional evidence at the appellate stage. In the absence of compliance with Rule 46A, the additional evidences filed cannot be admitted. Accordingly, the appeal is adjudicated on the basis of material available on record.

Regarding Addition of Rs.12,50,00,000 u/s.68:-

The assessee has challenged the addition of Rs.12,50,00,000/- made by the AO under Section 68 of the Income-tax Act. I have perused the assessment order, grounds of appeal, and written submissions filed by the assessee. The assessee had filed her return of income for AY 2017-18 on 27.11.2017 declaring total income of Rs.7,86,00,000/-. The case was selected for limited scrutiny under CASS to examine the deductions/exemptions claimed from capital gains.

During assessment proceedings, it was observed that the assessee was a shareholder of M/s. Welcome Fisheries Pvt. Ltd. She had sold shares of the said company on 01.04.2016 for Rs.12,50,00,000/- and offered capital gains of Rs.7,86,00,000/- after claiming deductions of Rs.50,00,000/- u/s.54EC and Rs.2,64,00,000/- u/s.54F of the Act. The assessee claimed the cost of acquisition of the shares as on 15.10.1987 at Rs.20,00,000/-.

However, the AO noted that the total share capital of the company was only Rs.5,00,000/-. The assessee was therefore required to substantiate the sale consideration of Rs.12.50 crore and the claimed cost of acquisition. As no satisfactory documentary evidence was produced to establish the genuineness of the transaction or justify the valuation, the AO treated the entire sale consideration of Rs.12,50,00,000/- as unexplained cash credit under Section 68 and taxed the same under Section 115BBE of the Act.

During appellate proceedings, the assessee attempted to explain that the amount of Rs.12.50 crore credited in her bank account represented sale proceeds of shares and produced certain additional evidences in support. However, as discussed in para 5.1 above, the additional evidences are not admissible in view of non-compliance with Rule 46A. On the basis of material available on record, I find that the assessee has failed to discharge the onus cast upon her under Section 68 to establish the identity, creditworthiness, and genuineness of the transaction. The claim that the credit of Rs.12.50 crore represented sale proceeds of shares remains unsubstantiated by reliable and verifiable evidence.



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In view of the above facts and circumstances, I hold that the AO was justified in treating the amount of Rs.12,50,00,000 as unexplained cash credit under Section 68 and taxing the same under Section 115BBE of the Act. Accordingly, the addition is confirmed and the grounds of appeal raised by the assessee are dismissed.

4. Aggrieved by the impugned order passed by CIT(A), the Assessee is in appeal before this Tribunal. Before us, the assessee has filed the petition for admission of additional evidence under Rule 29 of the Income-tax Appellant Tribunal Rules, 1963 (ITAT Rules) as under:

1. *I filed my Return of Income for the A.Y. 2017-18 on 27.11.2017, declaring a total income of Rs. 7,86,00,000/-. It was selected for limited scrutiny to verify the claim of deductions/exemptions from capital gains. It was noticed that I, being a shareholder of M/s. Welcome Fisheries Pvt. Ltd., had sold shares of the said company on 01.04.2016 for a total consideration of Rs. 12,50,00,000/- and offered long-term capital gain of Rs. 7,86,00,000/- after claiming deductions of Rs. 50,00,000/- u/s. 54EC and Rs. 2,64,00,000/- u/s. 54F of the Income-tax Act, 1961,*
2. *During the assessment proceedings, the AO observed that the total share capital of the company was only Rs. 5,00,000/- whereas I had claimed the cost of acquisition of shares at Rs. 20,00,000/- as on 15.10.1987. The AO treated the entire sale consideration of Rs. 12,50,00,000/- as unexplained income u/s. 68, taxed the same u/s. 115BBE, and initiated penalty proceedings u/s. 271AAC(1).*
3. *Aggrieved by the assessment order dated 20.12.2019, I preferred an appeal before the CIT(A)-10, Chennai, which was later adjudicated by the NFAC. During appellate proceedings, I filed certain additional evidences. The CIT(A) called for a remand report from the AO. Since no remand report was received from the AO despite repeated reminders, the additional evidences were not admitted. The CIT(A) upheld the addition of Rs. 12,50,00,000/- u/s. 68 and dismissed the appeal vide order dated 07.10.2025.*
4. *The assessee now re-submits the following relevant documents in support of the genuineness of the share transaction:*
 1. *Deed of Reconstitution reflecting the purchase of shares dated 10.07.1997.*
 - ii. *Copy of the ROC Returns filed by the Company.*
 - iii. *Statement of Computation of net asset value per share.*
 - iv. *Memorandum and Articles of Association of Welcome Fisheries Pvt Ltd.*



Some of the above documents were not filed before the AO; but were filed before the CIT(A). The evidences are crucial to establish the genuineness of the transaction and the correctness of my claim. It is respectfully submitted that if these evidences are not admitted, substantial justice cannot be rendered in my case.

5. It is submitted that the non-filing of the above documents before the lower authorities was neither wilful nor wanton. It is further submitted that if the above documents are not admitted as evidence, I would be put to great hardship and irreparable loss. It is thus just and necessary that the above documents are admitted as additional evidence and taken on file in this appeal.

6 In these circumstances, it is humbly prayed that the above-mentioned documents may be admitted as additional evidence and thus render justice.

4. Before us, the Ld. AR also filed the following paper book: -

Sr No	Date	Particulares	Page No.
Filed before AO			
1	13.08.2018	Notice u/s.143(2) intimating limited scrutiny undertaken bearing DIN ITBA/AST/S/143(2)/2018-19/1011204883(1)	1-4
2	27.11.2017	Income Tax Return and Statement of Total Income of assessee filed	5-7
3	17.04.2019	Reply to Notice filed along with proof of investment u/s. 54EC and 54F claimed, ITR and Statement of total income.	8-15
4	08.11.2019	Reply to Notice filed along with proof of investment u/s. 54EC and 54F claimed bank statement and aadhar copy.	16-22
5	02.12.2019	Reply filed to Notice issued u/s. 142(1)	23& 24
6	16.12.2019	Show Cause Notice u/s. 143(3) bearing DIN: ITBA/AST/F/143(3)(SCN)/2019-20/1022438849(1)	25& 26
7	19.12.2019	Reply to Show Cause Notice	27-31
8	20.12.2019	Assessment Order u/s. 143(3) bearing No. 32-38 ITBA/AST/S/143(3)/2019-20/1022749567(1)	32-38
Filed before CIT (A)			
9	11.03.2021	Written Submissions along with documentary evidences filed.	39-71
10	31.08.2023		72-103
11	04.10.2023		104&105



12	14.11.2023		106&107
13	17.12.2024		108&109
14	07.04.2025		110&111
15	-	Annual Return in Form MGT - 7 for the FY 2016-17	112-125
16	-	Memorandum and Articles of Association of Welcome Fisheries Private limited	126-142

In above table, from serial No.9 to 16 (Page Nos. 39 to 42) are additional evidence. The same evidence were filed before the Ld. CIT(A).

5. Ld. DR for the revenue objected to the admission of the additional evidence filed under Rule 29 of ITAT Rules.

6. We have carefully considered the rival submissions, the material available on record, and the petition filed by the assessee for admission of additional evidence under Rule 29 of the Income-tax Appellate Tribunal Rules, 1963. The assessee has placed on record certain documents, namely, the Deed of Reconstitution dated 10.07.1997, copies of ROC return, computation of net asset value per share, Memorandum and Articles of Association of M/s. Welcome Fisheries Pvt. Ltd., and other related documents. It is an admitted position that some of these documents were bonafide not filed before the Assessing Officer, though certain documents were produced before the Id.CIT(A). The Id.CIT(A), having called for a remand report from the Assessing Officer and not having received the same despite repeated reminders, declined to admit the



additional evidence under Rule 46A and proceeded to adjudicate the appeal on the basis of material already on record.

From the record, it is evident that the Assessing Officer did not furnish the remand report despite several opportunities granted by the Id. CIT(A). In these circumstances, an adverse inference is liable to be drawn against the Assessing Officer for non-compliance. Further, we find that the additional evidences now sought to be relied upon by the assessee go to the root of the matter and are crucial for determining the genuineness of the share transaction and the correctness of the addition made u/s.68 of the Income-tax Act. In the interest of substantial justice and to ensure that the matter is adjudicated on the basis of complete and relevant material, we admit the additional evidence filed by the assessee under Rule 29 of the ITAT Rules, 1963. Considering the nature of the evidences and in order to afford adequate opportunity to both sides, we deem it appropriate to set aside the impugned order of the Id. CIT(A) and restore the matter to his file for fresh adjudication. The Id.CIT(A) shall consider the additional evidences admitted by us, obtain a remand report from the Assessing Officer, if considered necessary, and pass a speaking order in accordance with law after affording reasonable opportunity of being heard to the assessee.



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7. We make it clear that we have not expressed any opinion on the merits of the addition, and all issues are left open for adjudication by the Id.CIT(A).

8. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced on the 17th day of February 2026, in Chennai.

Sd/-
(इंतूरी रामा राव)
(INTURI RAMA RAO)

लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-
(मनु कुमार गिरि)
(MANU KUMAR GIRI)
न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 17th February, 2026.

SNDP, Sr. PS

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Assessee
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF