

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“A” BENCH, CHANDIGARH**

**HYBRID HEARING**

**BEFORE HON’BLE SHRI RAJPAL YADAV, VICE PRESIDENT**  
**AND**  
**HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

- 1. आयकर अपील सं. / ITA No.1558/CHANDI/2025**  
**(निर्धारण वर्ष / Assessment Year: 2017-18)**  
**&**  
**2. आयकर अपील सं. / ITA No.1559/CHANDI/2025**  
**(निर्धारण वर्ष / Assessment Year: 2019-20)**

<b>Shri Rajesh Khanna</b> C/o Rajiv Goel & Associates (CA) 179, Bank Road, Ambala City -133001	<b>बनाम/ Vs.</b>	<b>ITO Ward-3</b> Yamuna Nagar Haryana -135001
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>AGJPK-1206-H</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकीओरसे/ <b>Appellant by</b>	:	Shri Dhruv Goel (CA) – Ld. AR
प्रत्यर्थीकीओरसे/ <b>Respondent by</b>	:	Dr. Ranjit Kaur (Addl. CIT) – Ld. Sr. DR (Virtual)

सुनवाईकीतारीख/ <b>Date of Hearing</b>	:	19.02.2026
घोषणाकीतारीख / <b>Date of Pronouncement</b>	:	24.02.2026

**आदेश / O R D E R**

**Manoj Kumar Aggarwal (Accountant Member)**

1. The assessee has preferred further appeals for Assessment Years (AY) 2017-18 & 2019-20. First, we take up appeal for AY 2017-18 which arises out of an order of learned Commissioner of Income Tax (Appeals), NFAC [CIT(A)] dated 13-11-2025 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s 147 of the Act on

30-03-2022. The sole grievance of the assessee is confirmation of addition of undisclosed sales receipts for Rs.14.33 Lacs. The Ld. AR advanced arguments on merits and did not press for legal grounds qua issuance of reassessment notice by Jurisdictional AO (JAO). The Ld. AR sought quashing of reopening by referring to the decision of this Tribunal in assessee's own case for AY 2018-19, ITA No.62/Chd/2024 & ors. order 19-08-2024. A copy of the same has been placed on record. The Ld. Sr. DR supported the findings of Ld. AO. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under.

2. The assessee filed return of income on 29-10-2017 declaring income of Rs.8.37 Lacs. The assessee is stated to be engaged in manufacturing of wooden articles like Plywood etc. in its proprietorship concern M/s Neelkanth Plywood. Pursuant to search action u/s 132 in the case of Shiv Kumar Plywood group of cases on 04-01-2019, a notice u/s 148 was issued by Ld. AO to the assessee. The search findings alleged that Shiv Shankar group was involved in large scale suppression of sale of plywood, sun mica and other related items. The assessee's concern i.e., M/s Neelkanth Plywood allegedly issued suppressed bills and difference was taken in cash. M/s Neelkanth Plywood used to record only 47.38% of transaction in the regular book whereas the remaining component was unaccounted. Accordingly, the case of the assessee was reopened and a notice u/s 142(1) was issued on 02-07-2021 requiring the assessee to file requisite documents and submissions. The assessee sought copy of tangible

material related to information so obtained by Ld. AO and also demanded copy of statement recorded during search on M/s Shiv Shank Plywood group. The assessee sought inspection of the material relied upon by Ld. AO to reopen the case of the assessee. The screen shot of tally data was provided by Ld. AO to the assessee. The Ld. AO, after rejecting assessee's various submissions, computed suppressed sales of Rs.114.65 Lacs and applied GP rate of 12.5% to make addition of Rs.14.33 Lacs.

3. During first appeal, the assessee assailed the assessment order on legal grounds as well as on merits by way of elaborate written submissions which have already been extracted in the impugned order. However, Ld. CIT(A) endorsed the findings of Ld. AO in the assessment order against which the assessee is in further appeal before us.

4. The assessment for AY 2019-20 met with similar fate wherein Ld. AO made estimated addition of Rs.17.20 Lacs which stood confirmed by Ld. CIT(A) on similar lines. Aggrieved as aforesaid, the assessee is in further appeals before us in both the years.

5. From the fact it clearly emerges that the whole basis of impugned addition is third-party data. By analyzing the same, allegation of suppression of sales have been leveled by Ld. AO against the assessee. The said data is stated to be retrieved from mobile phone of employee of that group. While objecting to reopening during assessment proceedings, the assessee requested Ld. AO to provide impounded tally data, statements of persons from whom the

data was allegedly found and statement of searched party which apparently has never been provided to the assessee. The same is clearly in violation of principles of natural justice and therefore the addition, made in this manner, could not be sustained in the hands of the assessee. In fact, on identical facts similar addition was made by Ld. AO in AY 2018-19 which reached up-to the level of Tribunal vide ITA No.62/Chd/2024 & ors. order dated 19-08-2024 wherein the bench concluded that reopening was bad-in-law and quashed the reassessment order. In para 27 of the order, it was held that the material relied upon by the department to reopen the case of the assessee was never confronted to the assessee. Therefore the reassessment proceeding stood vitiated for violation of principles of natural justice. Finally the assessment was quashed and estimated addition was deleted. We find that similar facts exist in present appeals. Respectfully following the earlier view of Tribunal, we quash the reassessment proceedings and delete the impugned additions, for both the years. The assessee succeeds in corresponding grounds of appeals.

6. Both the appeals stand partly allowed.

Order pronounced on 24<sup>th</sup> February, 2026.

**-Sd-**  
**(RAJPAL YADAV)**  
**VICE PRESIDENT**

**-Sd-**  
**(MANOJ KUMAR AGGARWAL)**  
**ACCOUNTANT MEMBER**

Dated:24.02.2026

**आदेश की प्रतिलिपि अग्रेषित /Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH