

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

**HYBRID HEARING**

**BEFORE HON'BLE SHRI LALIET KUMAR, JM**  
**AND**  
**HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**

1. आयकर अपील सं. / ITA No.324/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2013-14)
- &
2. आयकर अपील सं. / ITA No.427/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2015-16)
- &
3. आयकर अपील सं. / ITA No.428/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2016-17)

<b>Shri Rohit Aggarwal</b> C/o Sh. Rajiv Goel & Associates 179, Bank Road Ambala Cantt. (Haryana) -133001	<b>बनाम/ Vs.</b>	<b>DCIT (Central-2)</b> CR Building, Sector 17 Chandigarh – 160017
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>ACIPA-9865-D</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकीओरसे/ <b>Appellant by</b>	:	Sh. Rajiv Goel & Sh. Dhruv Goel (CA) – Ld. ARs
प्रत्यर्थीकीओरसे/ <b>Respondent by</b>	:	Smt. Meenkashi Vohra (CIT) - Ld. DR (Virtual)

सुनवाईकीतारीख/ <b>Date of Hearing</b>	:	10-12-2025
घोषणाकीतारीख / <b>Date of Pronouncement</b>	:	09-03-2026

**आदेश / ORDER**

**Per Bench**

1. Aforesaid appeals by assessee for captioned Assessment Years arises out of separate orders of learned first appellate authority. First, we take up appeal for Assessment Year (AY) 2013-14 wherein the sole grievance of the assessee is addition of

unexplained investment for Rs.156.51 Lacs. The appeal arises out of the order of learned Commissioner of Income Tax (Appeals)-3, Gurgaon dated 29-01-2025 in the matter of an assessment framed by Ld. AO u/s 153A(1)(b) r.w.s. 143(3) of the Act on 31-12-2018.

2. The aforesaid appeals were heard along with other appeals of the assessee-group. The lead order has been passed by us in the case of Shri Arvind Kumar Aggarwal (ITA Nos. 343/Chandi/2025 & ors.). It was admitted position that facts as well as issues, qua this addition, are pari-materia the same and therefore, our adjudication therein would equally apply to all these appeals. Having heard rival submissions, the appeal is disposed-off as under.

3. The impugned addition of unexplained investment stem from search action by the department on assessee-group on 21-03-2017. During assessment of group entity viz. M/s C.M. Jewellers, statement of Shri Madan Lal Aggarwal was recorded u/s 131 on 18-12-2018. In the statement, it was stated that the assessee was having 50% shareholding in M/s C.M. Jewellers. The Ld. AO then referred to Annexure A-1 found from the residence of partners of M/s C.M. Jewellers. The said Annexure contained 78 loose sheets which allegedly contained transaction of sale / purchases as carried out by Shri Arvind Aggarwal along with the assessee. Referring to assessment proceedings of Shri Arvind Kumar Aggarwal, Ld. AO made allegation of unaccounted investment by the assessee and made addition of Rs.156.51 Lacs. The same, upon confirmation by Ld. CIT(A), is in further appeal before us.

4. We find that this issue has been decided by is in the case of Shri Arvind Kumar Aggarwal (supra) as under: -

10. The other two addition are based on entries found noted on loose sheets marked as Annexure A-1 containing 78 loose sheets. The entries at Page No.1 to 7 pertain to Project-1 whereas entries at Pages Nos. 26 to 31 are with respect to Project-2. During assessment proceeding, the assessee stated that the seized material was merely estimation of land development projects. It was pointed out that there was no plotting on land on the entire stretch of both the roads. The projects were at planning stage and did not materialize. The Ld. AO made filed enquiries which revealed that Project No.1 was not physically found by the field inspector. With respect to Project-2, it transpired that the said project was carried out on ancestral land owned by Shri Shiv Charan Singh. The land was sold to Shri Mewa Singh starting from May, 2016 and transfer was completed only on 01-08-2017 which is much after the date of search. The whole consideration was paid by Shri Mewa Singh through cheques only. Thereafter, Shri Mewa Singh plotted shops and sold the same through property dealer Shri Gurvinder Singh. The Ld. AO alleged that Shri Mewa Singh was man of no means to carry out such transactions. The investments were made by other persons including the assessee. The said conclusion is bereft of any concrete material on record. No linkage has even been established between Shri Mewa Singha and the assessee. The addition is merely on loose sheets without any corroboration of the entries. These entries are undated, unsigned and not in the handwriting of the assessee or his family members. The Ld. AO has merely assumed that such investment would have been made by the assessee in this AY without any material on record. No agreement or deed of sale, proof of payment, investment etc. has been found from the possession of the assessee. The Ld. AO is not able to link any actual transaction of payment or receipt by the assessee. There is no direct or indirect corroboration of conclusion of Ld. AO.

11. We are of the considered opinion that the decision of Hon'ble Apex Court in the case of **CBI vs. V.C. Shukla (3 AIR 410)** supports the case of the assessee. In this decision, it was held by Hon'ble Apex Court that every transaction as recorded in the regular books needs to be independently corroborated and proved when some liability is to be fastened in respect of such transactions. The legal principle as laid down by Hon'ble Supreme Court was that independent corroborative evidence is required in respect of entries in regular books of accounts. Similarly, Hon'ble Supreme Court in **Common Cause Vs. Union of India (2017) 77 Taxmann.com 245 (SC)** stressed the need for exercising caution and for bringing on record relevant, reliable and cogent evidence to corroborate the entries found noted in the seized material. The court, thus, concluded that loose sheets / papers are not admissible as evidence. Further, even if same are held to be admissible, additions could be made only if the entries were corroborated by any evidence. The corroboration of entries is completely missing in the present case. Therefore, the documents as found are to be considered as dumb documents only, which, on standalone basis, could not sustain the additions as made by Ld. AO. We also concur that the statement made by the assessee u/s 132(4) stood retracted subsequently by way of elaborate explanation and accordingly, unless corroborative evidences were brought on record to support the allegation, the retracted statement could not be the sole basis of addition. The confession would need corroboration as per the decision in **Pullangode Rubber Produce Co. Ltd. (91**

**ITR 18)** holding that though admission is an important piece of evidence but it could not be said to be conclusive one and the maker thereof could show that it was incorrect. Further, a retracted statement would have no evidentiary value and the same could not be used in the assessment. The case laws of Hon'ble Delhi High Court in the case of **Sunil Aggarwal (379 ITR 367)** as well as the decision of Hon'ble Punjab & Haryana High Court in the case of **Krishan Lal Shiv Chand Rai vs CIT (88 ITR 293)** support this proposition. In these decisions, it has been held that the party was entitled to show and prove that the admission made by him previously was not correct and true. By considering that facts and circumstances in the case as well as the ratio of all these decisions, we would hold that twin additions of unexplained investment for Rs.228.51 Lacs is not sustainable in law. We order so. The assessee succeeds in its corresponding grounds of appeal.

Taking the same view, we delete the impugned addition on merits. The legal grounds have been rendered academic in nature. The appeal stands partly allowed.

5. In AY 2015-16, the assessee is aggrieved by confirmation of addition of unexplained expenditure for Rs.23,12,145/-. The same has been made by Ld. AO in similar background of facts by relying upon Annexure A-1 as found from the residence of Shri Arvind Kumar Aggarwal. The Ld. AO alleged payment of unexplained expenditure by the assessee and made impugned addition. Since, we have discarded the addition made by Ld. AO on the basis of loose sheets in the case of Shri Arvind Kumar Aggarwal in captioned appeals, taking the same view, the impugned addition stand deleted. The legal grounds have been rendered academic in nature. The appeal stands partly allowed.

6. In AY 2016-17, Ld. AO has disallowed bank interest for Rs.23,01,664/- while framing an assessment u/s 153(1)(b) r.w.s. 143(3) of the Act on 30-12-2018. The assessee filed regular return of income u/s 139(1) on 30-09-2016 which apparently attained finality. In response to notice u/s 153A, the assessee filed return of income.

The assessee earned salary and interest income from M/s C.M. Jewellers. It was observed by Ld. AO that the assessee advanced interest free loan to family members and related concerns but it paid interest on loan against property (LAP) to banks. The assessee claimed interest expenditure of Rs.23,01,664/- u/s 57(iii). The Ld. AO denied the deduction of the same. During first appeal, besides legal grounds, the assessee pointed out factual error in the observations of Ld. AO. It was established that the assessee claimed proportionate expenditure of Rs.9,61,224/- i.e., to the extent LAP was used by the assessee. The assessee received interest of Rs.5,85,535/- from M/s C.M. Jewellers and another interest of Rs.83,463/-, The net interest expenditure thus claimed was only Rs.2,08,763/-. The assessee also tabulated that the interest to family members was granted for a very short period only and the notional interest on the same @10.5% would only be Rs.1,81,197/- The same has been tabulated on Page No.16 of the impugned order. Another plea was that the assessee had sufficient owned funds of Rs.188.92 Lacs as against advances of Rs.131.75 Lacs and therefore, no disallowance was justified. However, Ld. CIT(A) upheld the assessment against which the assessee is in further appeal before us.

7. From assessee's computation of income as placed on record, it could be seen that loan against property is joint loan and the assessee has recovered interest of Rs.13,40,440/- from joint borrowers. Against interest income, the assessee has claimed expenditure of Rs.23,01,664/-. In effect, the assessee has claimed

interest expenditure of Rs.9,61,224/- only. The fact that the assessee has sufficient owned funds to advance the loans has nowhere been controverted by revenue and therefore, it is to be presumed that the funds were advanced out of free funds as available with the assessee. The notional interest on loans and advances as granted by the assessee would amount merely to Rs.1,81,197/-. On these facts, the impugned disallowance as made by Ld. AO could not be upheld. We order so. The legal grounds have been rendered mere academic in nature. The appeal stands partly allowed.

### **Conclusion**

8. All the appeal stands partly allowed.

Order pronounced on 09<sup>th</sup> March, 2026.

-Sd-  
(LALIET KUMAR)  
JUDICIAL MEMBER

-Sd-  
(MANOJ KUMAR AGGARWAL)  
ACCOUNTANT MEMBER

Dated: 09-03-2026

### **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