

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH : BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER  
AND  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

<b>ITA Nos. 675 to 680/Bang/2025</b>
<b>Assessment Years : 2015-16 to 2020-21</b>

Shri Pramod Subbiahnapalya Venkatpathi, "Srinidhi", No. 127, 6 <sup>th</sup> Cross, 4 <sup>th</sup> Main, Defense Colony, Indiranagar, Bengaluru – 560 038. <b>PAN: AGCPV4265A</b>	<b>Vs.</b>	The Deputy Commissioner of Income Tax, Central Circle – 2(1), Bangalore.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri Vinay Simha, CA
Revenue by	:	Shri Subramanian, JCIT-DR

Date of Hearing	:	05-03-2026
Date of Pronouncement	:	10-03-2026

**ORDER**

**PER BENCH**

These are the six appeals filed by the assessee challenging the separate orders of Ld.CIT(A)-15, Bengaluru all dated 29/01/2025 in respect of the A.Ys. 2015-16 to 2020-21. The assessee had raised separate grounds in respect of each assessment years and filed twice additional grounds which are all in the nature of the legal ground.

**2.** In the additional ground filed at the first time, the assessee had raised a legal plea that the AO had erred in making additions or disallowances when there are no incriminating documents seized at the time of search.

**3.** In the additional ground filed at the second time, the assessee had raised a legal plea that, whether the AO can issue a notice u/s. 153C of the Act based on the common satisfaction note recorded for the A.Ys. 2015-16 to 2020-21. Another ground raised by the assessee is that whether the assessing officer is correct in not furnishing the copy of the satisfaction note based on which notices u/s. 153C were issued for the A.Ys. 2015-16 to 2020-21.

**4.** All the appeals are filed by the single assessee and the legal grounds are common to all the appeals except the grounds on merits and therefore before deciding the appeals on merits, we are taking up the legal grounds raised by the assessee as the first issue and if we are not satisfied with the said legal grounds, then we will adjudicate the various grounds raised by the assessee on merits in respect of each of the A.Y. The facts relevant to the A.Y. 2015-16 are as follows:

**5.** The brief facts of the case are that the assessee is an individual and earning his income by way of salary, being trustee of MG Charitable Trust. The assessee had not filed his return of income. The search and seizure was carried u/s. 132 of the Act on 17/02/2021 in the premises of MG Charitable Trust. Simultaneously, search was also conducted in the residential premises of the assessee as well as Shri Rajiv Gowda and incriminating evidences were found and seized. The materials seized were related to the assessee and therefore the AO of the assessee after satisfying himself that the documents are related to the assessee, had issued notice u/s. 153C of the Act. The assessee had not responded to the said notice u/s. 153C of the Act and thereafter notice u/s. 142(1) was issued on various dates for which the assessee submitted the details as sought for by the AO. The AO had made several additions in the assessment. The AO based on the sale

agreement dated 20/09/2019, had treated a sum of Rs. 6,00,000/- as not supported by any source and therefore treated the said Rs. 6,00,000/- as unexplained money u/s. 69 of the Act. Except the sale agreement, no other records were found and seized by the authorities and even the major part of the sale consideration as per the agreement was paid through the banking channels except the sum of Rs. 6,00,000/- which was paid during the A.Y. 2015-16. Further, additions were made based on the bank account statements. Similarly, the salary income was added as income under the head salary and the bank interest was also added as income under the head "Income from Other Sources". Penalty proceedings were also initiated by the AO.

**6.** As against the said order, the assessee filed an appeal before the Ld.CIT(A) challenging the various additions made based on the bank statement and also under the head "Income from salary". The Ld.CIT(A) had confirmed all the additions by dismissing the appeal filed by the assessee.

**7.** As against the said order, the assessee filed the present appeal before this Tribunal.

**8.** At the time of hearing, the Ld.AR submitted that the additions are not warranted since the entire additions are made based on the bank account statements which was properly explained. The Ld.AR initially tried to impress this Tribunal on the legal grounds raised by them. The Ld.AR by relying on the additional ground that the common satisfaction note recorded by the AO for issuing the notice u/s. 153C of the Act is not correct in view of the judgment of the Hon'ble Jurisdictional High Court reported in 469 ITR 197 in the case of DCIT vs. Sunil Kumar Sharma which was confirmed by the Hon'ble Supreme Court by dismissing the SLP filed by the revenue which was reported in (2024) 165 taxmann.com 846. The Ld.AR also filed the written submissions on the additional grounds and also furnished the copy of the proceedings in which the satisfaction u/s. 153C was recorded in respect of the searched person and draw our attention to the said recording

of satisfaction. The Ld.AR further submitted that as seen from the satisfaction note and the recording of the reasons for issuing notice u/s. 153C of the Act, there is no recovery of any incriminating materials warranting for making the assessment u/s. 153C of the Act and also pointed out that the AO had passed a common satisfaction note for the A.Ys. commencing from 2015-16 to 2020-21. The Ld.AR also submitted that the AO had failed to record yearwise and specific satisfaction linking the seized documents or materials relevant to each A.Y. instead a blanket satisfaction note for all the years and therefore submitted that the subsequent proceedings based on the said common satisfaction note is bad in law. The Ld.AR also submitted that the AO had not specifically recorded the satisfaction in respect of each A.Ys. by connecting the incriminating materials seized and therefore without any incriminating materials, and without any separate satisfaction note for each A.Y., the assessments could not be reopened u/s. 153C of the Act for all the years simultaneously.

**9.** The Ld.DR submitted that the AO had mentioned in the annexure – A of the satisfaction note recorded by him, the material seized at the time of search and based on the said documents only, the assessments were made in respect of the A.Ys. 2015-16 to 2020-21 and therefore the assessments made u/s. 153C of the Act for the above said A.Ys. are valid in the eye of law. The Ld.DR also relied on the judgment of Hon'ble Delhi High Court reported in 463 ITR 431 in the case of Indian National Congress vs. DCIT in support of his proposition.

**10.** We have heard the arguments of both sides and perused the materials available on record.

**11.** Before going into the grounds raised by the assessee on merits, we are inclined to decide the legal ground raised by the assessee since the same would go to the root of the issue and if the said legal ground has been accepted by this Tribunal, it is unnecessary to adjudicate the other grounds on merits. Moreover it is also a settled proposition of law that legal plea

can be raised at the time of appellate proceedings also and therefore we are inclined to admit the additional grounds. The first additional legal ground raised by the assessee is that the common satisfaction note prepared by the AO for the A.Ys. 2015-16 to 2020-21 for issuing the notice u/s. 153C of the Act is bad in law. In support of the said proposition, the assessee had relied on the judgment of the Hon'ble Jurisdictional High Court reported in 469 ITR 197 in the case of DCIT vs. Sunil Kumar Sharma. We have perused the documents filed by the assessee in which the recording of satisfaction u/s. 153C of the searched person has been recorded by the AO of the assessee. We have also perused the documents seized at the time of search which was mentioned as annexure – A to the above said notice. We have also perused the recording of reasons for the issue of notice u/s. 153C of the Act in which the AO had relied on the statement of the assessee for not having the source for the payment of cash of Rs. 6,00,000/- and, also the documents seized and in the said satisfaction note, the AO and the authorities had given a consolidated approval for issuing the notice u/s. 153C of the Act for all the A.Ys. commencing from A.Ys. 2015-16 to 2020-21. There is no doubt in the present case, the AO had not given any separate satisfaction note for each of the A.Y. based on the materials seized. The only documents seized is the agreement and the major payments mentioned in the agreement were paid through the banking channel and only a sum of Rs. 6,00,000/- was paid by cash for which the assessee was not able to give the source and therefore the AO had treated the said amount as unexplained money u/s. 69 of the Act in respect of the A.Y. 2015-16. Apart from the said documents, no other incriminating materials / documents were seized by the authorities at the time of search. When there is no incriminating materials seized to make the assessment u/s. 153C of the Act, the AO cannot make the assessment u/s. 153C of the Act. Further, the satisfaction note should be prepared for each A.Y. mentioning the documents seized in respect of each A.Y. in order to initiate proceedings u/s. 153C of the Act. The AO without following the procedure had generally issued a satisfaction note for all the A.Ys. by relying on a single document which related to the A.Y. 2015-16, which is also not an incriminating material.

**12.** We have also perused the Division Bench judgment of the Hon'ble Jurisdictional High Court cited supra in the case of DCIT vs. Sunil Kumar Sharma wherein the Division Bench had held as follows:

*“53. Further, satisfaction note is required to be recorded under Section 153C of the IT Act for each Assessment Year and in the impugned proceedings, a consolidated satisfaction note has been recorded for different Assessment Years, which also vitiates the entire assessment proceedings. In view of all these findings, it is said that the appeals do not have any substance for seeking intervention as sought for by the appellant / Revenue.”*

**13.** The Division Bench judgment was challenged by the revenue before the Hon'ble Supreme Court and the Hon'ble Supreme Court had also affirmed the Division Bench judgment in the above referred SLP cited supra. Therefore as on today, the law has been laid down by the Hon'ble Jurisdictional High Court that separate satisfaction note is required to be recorded u/s. 153C of the Act for each A.Y. The said view was also upheld by the Hon'ble Supreme Court.

**14.** We have also perused the judgment relied on by the Ld.DR cited supra. The said judgment of the Hon'ble Delhi High Court can be distinguished on the ground that in the said judgment, the Hon'ble Delhi High Court had held that the composite satisfaction note would suffice provided it embodies details of materials covered in course of search and pertaining to A.Ys. forming part of block as a whole. The facts involved in the present appeal, is that no material or annexure in respect of all the A.Ys. were seized except a document which is also not in the nature of incriminating one. Therefore, the judgment relied on by the Ld.DR is not based on the facts of the present case and therefore we are not relying on the said judgment. Further, we are not relying on the judgment of the Hon'ble Delhi High Court cited supra by the Ld.DR since the Hon'ble Jurisdictional High Court had given clear finding on this issue which was also affirmed by the Hon'ble Supreme Court and therefore the judgment of

the Hon'ble Jurisdictional High Court is a binding precedent insofar as this Tribunal is concerned.

**15.** In view of the above said discussion made in respect of the legal ground raised by the assessee, we are satisfied that the additional grounds raised by the assessee is a valid one and on that score, the notice issued u/s. 153C of the Act could not be sustained. When the notice u/s. 153C of the Act has been held as invalid, the subsequent proceedings including the assessments made by the AO are also liable to be set aside. We therefore setaside the assessment orders as well as the appellate orders for all the assessment years. As already observed in the preamble of the order, we are satisfied that the legal ground raised by the assessee is to be sustained and therefore we are not adjudicating the other grounds including the grounds on merits and treated the same as infructuous.

**16.** In the result, all the appeals filed by the assessee are allowed.

Order pronounced in the open court on 10<sup>th</sup> March, 2026.

Sd/-  
(WASEEM AHMED)  
Accountant Member

Sd/-  
(SOUNDARARAJAN K.)  
Judicial Member

Bangalore,  
Dated, the 10<sup>th</sup> March, 2026.  
/MS /

Copy to:

1. Appellant
2. Respondent
3. CIT
4. DR, ITAT, Bangalore
5. Guard file
6. CIT(A)

By order

Assistant Registrar,  
ITAT, Bangalore