

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

**BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER AND
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

**ITA No. 2610/AHD/2025
Assessment Years: 2013-14**

Umiya Construction Co, 1st Floor, Prajapati Bhuvan, Tower Chowk, Himatnagar, Gujarat - 383001	Vs.	Deputy Commissioner of Income Tax, Circle – 2(1)(1), Ahmedabad, 380015
[PAN – AAFU4794P]		
(Appellant)		(Respondent)
Assessee by	Shri Deepak Shah, AR	
Revenue by	Shri Abhijit, Sr. DR	
Date of Hearing	08.04.2026	
Date of Pronouncement	21.04.2026	

ORDER

PER NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER:

This appeal is filed by the assessee against the order of National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as ‘CIT(A)’] dated 28.10.2025 for the Assessment Year (A.Y.) 2013-14 in the proceeding u/s 147 r.w.s. 144B of the Income Tax Act.

2. The brief facts of the case are that the assessee had filed its return of income for A.Y. 2013-14 on 30.09.2013 declaring Nil income. The original assessment was completed u/s. 143(3) on 31.07.2025 at total income of Rs.11,53,620/-. Thereafter, the case of the assessee was reopened on the basis of information received that the assessee had

converted its unaccounted cash of Rs.45,00,000/- by arranging transactions with M/s Mehta Finance. The re-assessment was completed u/s. 147 r.w.s. 144B of the Act, on 29.03.2022 at total income of Rs.56,20,430/-.

3. Aggrieved with the order of the AO, the assessee had filed an appeal before the first appellate authority, which was decided by the learned CIT(A) vide the impugned order and the appeal of the assessee was dismissed.

4. Now the assessee is in second appeal before us. The following grounds have been taken in this appeal:

1. *The Ld. CIT erred in law and in the facts of the case in upholding the order of the AO in reopening the case of the appellant u/s. 147 of the Act.*
2. *The Ld. CIT erred in law and in the facts of the case in upholding the order of the AO in making an addition of Rs. 56,62,430/- u/s 68 of the Act.*

5. Shri Deepak Shah, the Ld. AR of the assessee submitted that this was a case of reopening beyond four years. He explained that the transaction of the assessee with M/s Mehta Finance was duly explained in the course of original assessment and there was no failure on the part of the assessee to disclose fully and truly any material facts. The Ld. AR contended that the case was reopened on the basis of wrong information and the assessee has not taken any accommodation entry from M/s Mehta Finance, as alleged by the AO. Rather the assessee had advanced loan to M/s Mehta Finance on which interest was received and duly accounted for. The Ld. AR, therefore, contended that not only the

reopening was bad in law but the addition as made by the AO was also not justified considering the factual aspect of the transactions.

6. Per Contra Shri Abhijit, the Ld. Sr. DR, supported the order of the lower authorities.

7. We have considered the rival submissions. It transpires that a search operation u/s 132 of the Act was conducted at the premises of M/s Mehta Finance wherein it transpired that M/s Mehta Finance was involved in providing accommodation entries by accepting cash. Shri Dipak Rasiklal Mehta, while explaining the seized documents, had admitted that Annexures-17, 18, 19 and 20 were vouchers containing entries of cash receipts against which cheque or RTGS payment was made. It was explained that the name of the parties who had deposited cash was duly entered in the vouchers appearing in these annexures. On the basis of this incriminating evidence, the AO had concluded that the assessee had taken accommodation entries of Rs. 56,62,430/- by depositing cash of equivalent amount with M/s Mehta Finance. It transpires that the AO had reopened the case and made the addition in a mechanical manner without correctly appreciating the facts of the case. The transactions of the assessee with M/s Mehta Finance was duly examined in the course of original assessment completed u/s. 143(3) on 24.07.2015. In that order, the AO had recorded a finding that **“Similarly loans & advances given to M/s Mehta Finance amounting to Rs.43,65,616/- on which interest charged @ 6% whereas interest allowed to other parties from loan accepted @ 12%....”** Thus, a finding was recorded in the original assessment that the assessee had advanced loan to M/s Mehta Finance

and not vice-versa. In the re-assessment, however, the AO had made the addition on presumption that the assessee had received loan of Rs.56,62,430/- from M/s Mehta Finance through banking channel by making payment of equivalent amount in cash. Further, before coming to this conclusion, no co-relation was made by the AO with the documents/vouchers seized from the premises of M/s Mehta Finance. As explained by the M/s Mehta Finance in the course of search the name of the parties, who had deposited cash and taken entry through cheque, was duly recorded in the vouchers. The AO has not brought on record any evidence that the name of the assessee was appearing in the vouchers or any other document seized from the premises of M/s Mehta Finance. The assessee had explained before the AO that the amount received by the assessee from M/s Mehta Finance was repayment of loan advanced by the assessee. The fact that the assessee has charged interest on the loan advanced to M/s Mehta Finance was duly acknowledged in the original assessment.

8. In view of the above facts, the contention of the assessee that there was no failure on the part of the assessee to disclose fully and truly the material facts, is found to be correct. Therefore, the reopening as made by the AO is not found sustainable. On merits also, no addition was called for as the assessee had not received any money rather it had advanced loan to M/s Mehta Finance on which the interest was duly charged and there cannot be any question of accommodation entry in such transaction. Further, no evidence for any accommodation entry taken by the assessee was brought on record by the AO. Therefore, the addition of Rs.56,62,430/- as made by the AO is liable to be deleted on merits as

well. Accordingly, the reopening done by the AO is quashed and the addition as made stands deleted.

9. In the result, the appeal of the assessee is allowed.

Order pronounced in the Court on 21/04/2026 at Ahmedabad.

Sd/-
(SAJAY GARG)
Judicial Member

Sd/-
(NARENDRA PRASAD SINHA)
Accountant Member

Dated – 21st April, 2026

Neelesh, Sr. PS

(True Copy)

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल / Guard file.

आदेशानुसार/BY ORDER,
उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad