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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of Decision : 12.01.2026*

+ ITA 10/2026

PR. COMMISSIONER OF INCOME TAX-7, DELHI

.....Appellant

Through: Mr. Puneet Rai, SSC, Mr. Gibran,
JSC, Mr. Ashvini Kumar, Mr.
Rishabh Nangia and Mr. Gibran,
Advs.

versus

ATUL GOEL

.....Respondent

Through: Mr. Nischay Kantoor, Adv.

CORAM:

HON'BLE MR. JUSTICE DINESH MEHTA

HON'BLE MR. JUSTICE VINOD KUMAR

DINESH MEHTA, J. (ORAL)

CM APPL. 1653/2026 (Exemption)

1. Exemption allowed, subject to all just exceptions.
2. The application stands disposed of.

CM APPL. 1654/2026 (Delay of 43 Days in Filing)

3. For the reasons stated in the application seeking condonation of delay, the same is allowed. The delay of 43 days in filing the appeal is condoned.
4. The application stands disposed of.

ITA 10/2026

5. The present appeal has been preferred under Section 260A of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*) against the order dated 10.05.2025, passed by the Income Tax Appellate Tribunal Delhi Bench "A", Delhi (*hereinafter referred to as 'ITAT'*) in an appeal filed



by the appellant-Income Tax Department. Said appeal was heard along with the cross-objections which were filed by the respondent-assessee.

6. The issue involved in the present case is in relation to some transactions, which took place between the respondent and a broker, namely M/s Pace Commodity Broker Pvt. Ltd. While recording the reason, the Assessing Officer (AO) had clearly recorded that pursuant to investigation conducted by Serious Fraud Investigation Office (*hereinafter referred to as 'SFIO'*), it has transpired that the respondent-assessee has been a beneficiary of Client Code Modification and has earned income which has not been assessed for tax.

7. On the basis of this reason, without making reference to any transaction or any particular broker, the respondent's assessment was re-opened vide notice dated 22.11.2019.

8. The respondent-assessee filed a response before the AO and sought the information/details of the two transactions which had purportedly been undertaken by him but information regarding the same was never supplied to the respondent and the AO proceeded to pass an order under Section 143(3) read with 147 of the Act of 1961 raising a demand against the respondent-assessee in relation to two transactions which the respondent had carried out through its broker i.e. M/s Anand Rathi Securities Ltd. (as recorded in the assessment order dated 22.11.2019).

9. In the appeal against the assessment order dated 22.11.2019, the Commissioner of Income Tax(Appeals) (*hereinafter referred to as 'CIT(A)'*) recorded a finding vide order dated 08.07.2024 that the respondent-assessee had offered the income arising out of these transactions at highest rate of income tax i.e. 30% and hence initiations of proceedings so also the



assessment order was unsustainable.

10. Against the above referred order of the CIT(A) dated 08.07.2024, the appellant-Income Tax Department preferred an appeal and the respondent-assessee had preferred cross objections which were heard together by the ITAT. The ITAT in the appeals before it held that the AO had not recorded any finding relating to the particular transactions and has passed an order on the basis of sweeping information which was supplied by the SFIO.

11. In the impugned order dated 30.05.2025, the ITAT has also recorded a finding that the proceedings for reassessment itself were without jurisdiction as no income had escaped assessment and the respondent-assessee had offered the income for tax and paid tax at the highest applicable rate.

12. The ITAT further held that there was no tangible information with the AO in the instant case, so also the fact that there was full and true disclosure on the part of the respondent-assessee to reach to a conclusion that the reassessment proceedings were bad in the eye of law.

13. Mr. Puneet Rai, learned Senior Standing Counsel for the appellant challenging the impugned order submitted that the ITAT has erred in rejecting the appeal filed by the Revenue inasmuch as the respondent-assessee has failed to make full and true disclosure of the subject transactions.

14. Mr. Nischay Kantoor, learned counsel for the respondent-assessee on the other hand submitted that a simple look at the order of the CIT(A) so also the facts on record reveals that the respondent-assessee had offered applicable tax under the head of 'income from other sources', at highest rate of tax and therefore, even if the allegation of having accommodation entry by way of Client Code Modification is assumed to be correct, then also, no



income can be said to have escaped as the assessee had paid full tax on such transactions.

15. He further clarified that the CIT(A) so also the ITAT have held that the proceedings under Section 148 of the Act of 1961 are not sustainable and justified.

16. Having heard learned counsel for the parties, we are of the view that the CIT(A) so also the ITAT were justified in holding that the initiation of reassessment proceedings was without application of mind and unsustainable inasmuch as there appears to be no tangible material or evidence and in the reasons recorded by the AO, neither name of any company is mentioned nor the name of broker is correct. If the foundational fact being ground for assumption of jurisdiction is non existent and erroneous, the proceedings cannot clear the test of reasonableness and prudence.

17. That apart, the respondent-assessee had paid tax on the disputed transactions at the highest rate of tax and therefore, any question of undisclosed income or payment of lesser tax is out of place.

18. In view of the discussion foregoing, we do not find any merit and substance in the present appeal, for which, the same is dismissed.

DINESH MEHTA, J

VINOD KUMAR, J

JANUARY 12, 2026/ss