

आयकर अपीलीय अधिकरण , अहमदाबाद न्यायपीठ 'B' अहमदाबाद।
**IN THE INCOME TAX APPELLATE TRIBUNAL
"B" BENCH, AHMEDABAD**

**BEFORE S/SHRI SANJAY GARG, JUDICIAL MEMBER
AND
MAKARAND V. MAHADEOKAR, ACCOUNTANT MEMBER**

**ITA No.1150/Ahd/2025
Asstt.Year : 2018-19**

Vikram Sudhir Khurana 60, Sanskar Bharati Society Ankur Road Ahmedabad 380 013. PAN : ABNPK 6856 E	Vs.	The Pr.CIT(Central) Ahmedabad.
Appellant		Respondent

(Applicant)		(Responent)
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Assessee by :	Shri K.C. Thakkar, AR
Revenue by:	Shri R.P. Rastogi, CIT-DR

सुनवाई की तारीख/Date of Hearing : 12/11/2025
घोषणा की तारीख /Date of Pronouncement: 28/11/2025

आदेश/O R D E R

PER MAKARAND V. MAHADEOKAR, AM:

This appeal by the assessee is directed against the revisionary order passed by the learned Principal Commissioner of Income Tax [hereinafter referred to as "the PCIT"] under section 263 of the Income Tax Act, 1961[hereinafter referred to as "the Act"] for the assessment year 2018-19, dated 25.03.2025. The assessee is aggrieved by the assumption of jurisdiction under section 263 and the consequential setting aside of the assessment order dated 20.03.2023 passed under section 143(3) read with section 147 of the Act by the Assessing Officer.

2. Facts of the Case

2.1 The assessee filed his return of income on 30.07.2018 declaring income of Rs.75,22,740/-. The assessee's case was reopened by issuance of

notice under section 148. Case was flagged by Insight Portal as Priority-P1 transaction for FY 2017-18 relevant to AY 2018-19. Flag was based on transaction information that assessee had purchased shares of West India Recreation Projects Pvt. Ltd. (WIRPPL) worth Rs. 2,76,00,000/-. The assessee filed the return of income in response to the said notice on 30.02.2022 declaring the same income as per the original return of income.

2.2 In the course of reassessment proceedings, the assessee furnished detailed submissions in response to the notices issued by the Assessing Officer. The assessee explained that he was a Director of WIRPPL and was in receipt of director's remuneration from the said company. The assessee provided a complete explanation regarding the source of funds utilised for the purchase of shares. In support of the same, he submitted a copy of his demat account evidencing that the shares were indeed held in his name. He further furnished tabular details of all payments made towards purchase of shares across nine different dates along with the corresponding banking channels used. The evidentiary material included bank statements of Union Bank of India and HDFC Bank with relevant entries highlighted. The assessee placed on record the following statement showing the share purchase payments:

Date	Bank	Amount (Rs.)
22/02/2018	UBI	47,00,000
16/03/2018	HDFC	38,00,000
17/03/2018	HDFC	31,00,000
19/03/2018	HDFC	25,00,000
20/03/2018	HDFC	25,00,000
20/03/2018	HDFC	53,00,000
21/03/2018	HDFC	57,00,000
22/03/2018	HDFC	5,00,000
23/03/2018	HDFC	5,00,000
Total:		Rs. 2,76,00,000/-

2.3 The AO sought particulars regarding the source of the credit entry of Rs.47,33,206/-, the PAN and ITR details of persons from whom credit entries had been received, and clarification regarding the nature of transfers

made by the assessee to WIRPPL. In reply, the assessee submitted that the credit of Rs. 47,33,206/- represented the amount received on account of EPF withdrawal. He enclosed the EPF withdrawal application filed with the concerned authority. The AO recorded that the EPF application did not itself specify the amount withdrawn and had accordingly called for complete documentary evidence. Subsequently, vide reply dated 10.03.2023, the assessee submitted a comprehensive set of documents substantiating the EPF withdrawal explaining credit of Rs. 47,33,206/- on 22/02/2018.

2.4 With regard to other credits appearing in his HDFC Bank account, the assessee further clarified that nine such entries had represented borrowings received from five parties, namely, Dipesh Chandrakant Shah, Komal Raj Shah, Roosnik Dipakbhai Modi, H P & Sons, and Lalit Traders. The assessee stated that all such borrowings had been received through normal banking channels and indicated that the ledger accounts of these parties had already been uploaded, though he expressed his inability to furnish the lenders' income tax returns. Similarly, with respect to the transfers made by him to WIRPPL, the assessee explained that the sums directly relate to the purchase of shares and that no broker or intermediary was engaged for the said purpose. The AO, however, issued further notice dated 11.03.2023, observing that the confirmations of the lenders had not been found attached with earlier submissions and directing the assessee to re-upload all confirmed ledger accounts. The assessee, in reply dated 14.03.2023, clarified that the confirmations had inadvertently been omitted due to oversight and the limitation of the portal regarding number of attachments. He thereafter uploaded the confirmed ledger accounts of all the five parties.

2.5 Consequently, the AO accepted the returned income concluding that the assessee supported his submissions with documentary evidence including bank statements, EPF documents, confirmations, and demat statements.

2.6 Subsequently, the learned Pr. CIT issued a show cause notice under section 263 of the Act, stating that the assessment order dated 20.03.2023 was erroneous in so far as it was prejudicial to the interests of the Revenue. The learned Pr. CIT referred to the provisions of Explanation 2(a) to section 263, alleging that the AO had not carried out inquiries or verification which he ought to have conducted in the circumstances of the case.

2.7 The assessee filed detailed written submissions in response, pointing out that the AO had indeed made enquiries on the issues relevant for reassessment; that the AO had examined the material and the explanation furnished; that no aspect of the case was left unverified; and that the AO had consciously taken a view after satisfying himself with the explanation.

2.8 The learned PCIT, however, did not accept the submissions of the assessee. The PCIT concluded that the bank statement, financial statement and copy of ITR of the lenders was not provided by the assessee and these documents were crucially required to provide the creditworthiness of the individuals. The PCIT specifically noted that the assessee expressed his inability to submit the same.

2.9 The PCIT, accordingly, set aside the assessment and directed the AO to frame a fresh assessment after granting reasonable opportunity to the assessee.

3. The assessee, being aggrieved, preferred the present appeal before us raising following grounds of appeal verbatim:

1. *The learned Pr. CIT has erred in law and on facts in holding that the order u/s. 143(3) r. w. s. 147 of the Act dt. 20-03-2023 is passed by the AO without making enquiries/verification which should have been made and that the case is covered by clause (a) of Explanation 2 of s. 263 of the Act, and accordingly it is held to be erroneous in so far as it is prejudicial to Revenue. The ld. PCIT has further erred in setting aside the said assessment for framing fresh assessment order after giving reasonable opportunity to the appellant.*
2. *The learned Pr. CIT has also erred in law and on facts disregarding the facts available on record that the assessment dt. 20-03-2023 was made after making requisite enquiries/verification, after obtaining the appellant's explanation and after the AO was evidently satisfied with the explanation*

submitted by the appellant and therefore clause (a) of Explanation 2 of s. 263 of the Act was not attracted.

3. *The learned Pr. CIT has also erred in law and on facts in passing the order u/s. 263 of the Act based on a ground different from the one mentioned in the show cause notice.*
4. *On the facts and in the circumstances of the case and in law the learned Pr. CIT ought to have dropped the proceedings u/s. 263 of the Act, and ought not to have set aside the assessment.*
5. *It is therefore prayed that the order u/s. 263 may be cancelled.*
6. *Your appellant craves leave to add, amend, alter or withdraw any ground of appeal at the time of hearing.*

3.1 The matter came up for hearing before us. The learned Authorised Representative (AR) for the assessee reiterated the submissions made before the Pr. CIT and emphasised that the AO had examined all relevant materials. The AR further submitted that the assessee had placed on record the PAN of all the lenders as well as their ledger confirmations. It had been emphasised that once the assessee had furnished the PAN details and confirmations duly signed by the respective lenders, the assessee had discharged the primary onus cast upon him under section 68. In support of the submission the AR placed reliance on the decision of the Hon'ble Gujarat High Court in CIT v. Ranchhod Jivabhai Nakhava [2012] 21 taxmann.com 159.

4. The learned Departmental Representative (DR) supported the impugned order passed under section 263.

5. We have carefully considered the rival submissions and examined the material placed before us, including the assessment record and the impugned order passed under section 263 of the Act. The short issue for adjudication is whether the assessment order dated 20.03.2023 can be regarded as erroneous in so far as it is prejudicial to the interests of the Revenue so as to warrant revision under section 263 of the Act.

5.1 The assessment records demonstrate that during the reassessment proceedings, the Assessing Officer issued specific notices calling for details

regarding the credit entries and the lenders. The assessee furnished the PAN of all five lenders, confirmations duly signed by each of them, and the corresponding ledger accounts. The assessee also explained that the funds were received through normal banking channels and placed complete details of the share purchase transactions, EPF withdrawal documents, and the relevant bank statements. The Assessing Officer considered these materials and accepted the explanation.

5.2 The principal reasoning of the learned PCIT for invoking revisionary jurisdiction rests upon the alleged absence of income-tax returns, financials, and bank statements of the lenders. The PCIT has proceeded on the premise that non-furnishing of these documents automatically results in lack of enquiry by the Assessing Officer.

5.3 In our considered view, this approach does not align with the binding ratio laid down by the Hon'ble jurisdictional High Court in CIT v. Ranchhod Jivabhai Nakhava (supra). The Hon'ble High Court has held, in clear and categorical terms, that:

“Once the assessee has established that he has taken money by way of account payee cheques from the lenders who are all income tax assesseees whose PAN have been disclosed, the initial burden under section 68 was discharged.” [Para 15]

The Hon'ble High Court further held:

“Once the Assessing Officer gets hold of the PAN of the lenders, it was his duty to ascertain from the Assessing Officer of those lenders whether in their respective returns they had shown existence of such amount of money and had further shown that those amount of money had been lent to the assessee.” [Para 16]

And most importantly:

“Without verifying such fact from the income tax return of the creditors, the action taken by the Assessing Officer in examining the lenders and asking the assessee to further prove the genuineness and creditworthiness of the transaction is a wrong approach.” [Para 16]

5.4 The statutory obligation, therefore, once PAN and confirmations are furnished, shifts to the Assessing Officer of the lenders to verify whether

those lenders have reflected such transactions in their income-tax returns. The Assessing Officer of the assessee is not permitted to disbelieve the transaction without first obtaining such verification. The Hon'ble High Court further observed:

“If the Assessing Officers of those creditors are satisfied with the explanation given by the creditors as regards those transactions, the Assessing Officer in question has no justification to disbelieve the transactions reflected in the account of the creditors.” [Para 17]

5.5 In the present case, the assessee furnished the PAN and duly signed confirmations of all the lenders, and these materials were on record before the Assessing Officer. The Assessing Officer examined the explanation, considered the banking trail, and accepted the same. If the learned PCIT was of the view that the Assessing Officer ought to have undertaken verification of the return particulars of the lenders, the course mandated by the ratio of the Hon'ble Gujarat High Court in *Ranchhod Jivabhai Nakhava (supra)* was to seek such verification from the Assessing Officers having jurisdiction over those lenders. Instead of undertaking any such inquiry himself, as expressly permitted under section 263, the learned PCIT proceeded to invoke revisional jurisdiction merely on the assumption that further verification was required. The absence of even a rudimentary inquiry by the PCIT on the very aspect which he considered crucial reinforces that the revision has been exercised without satisfying the foundational requirement of section 263. Accordingly, the alleged inadequacy of enquiry by the Assessing Officer cannot be used as a basis to revise the assessment when the PCIT himself has not conducted the inquiry he deemed necessary.

5.6 The record reveals that the Assessing Officer made specific and pointed enquiries. The assessee furnished documentary evidence. The Assessing Officer applied his mind and accepted the explanation. It is well settled that where two views are possible and the Assessing Officer has taken a plausible view after enquiry, revision under section 263 cannot be exercised merely because the PCIT prefers a different view.

5.7 In the facts before us, we do not find that the Assessing Officer failed to conduct enquiry. The enquiry may not have been as exhaustive as the PCIT desired, but it was certainly a conscious enquiry and not a case of complete lack of enquiry. The Hon'ble Gujarat High Court has expressly held that once PAN and confirmations are furnished, the primary onus under section 68 stands discharged. The Assessing Officer was justified in taking a view based on these materials.

5.8 The learned PCIT has also travelled beyond the scope of the show cause notice by introducing reasons not forming part of the initial notice, which itself renders the revisionary order unsustainable in law.

5.9 Considering the legal position laid down in *Ranchhod Jivabhai Nakhava* (supra) and examining the assessment record, we hold that the assessment order dated 20.03.2023 is neither erroneous nor prejudicial to the interests of the Revenue. The prerequisites for invoking jurisdiction under section 263 are not satisfied.

6. For the foregoing reasons, we set aside the impugned order passed by the learned PCIT under section 263 and restore the assessment order dated 20.03.2023.

7. The appeal of the assessee is accordingly allowed.

Order pronounced in the Court on 28th November, 2025 at Ahmedabad.

**Sd/-
(SANJAY GARG)
JUDICIAL MEMBER**

**Sd/-
(MAKARAND V. MAHADEOKAR)
ACCOUNTANT MEMBER**

TRUE COPY

Ahmedabad, dated 28/11/2025

Vk/Tanmay

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