

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES 'B': NEW DELHI.**

**BEFORE SHRI S.RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

**ITA No.521/Del/2025
(Assessment Year: 2015-16)**

**ITA No.522/Del/2025
(Assessment Year: 2014-15)**

**ITA No.523/Del/2025
(Assessment Year: 2013-14)**

**ITA No.524/Del/2025
(Assessment Year: 2016-17)**

Income Tax Officer,
Ward 2 (1), Faridabad.

vs.

Ramesh Kumar Bagri,
E-6, 204, Sterling Apartment,
Charwood Village,
Faridabad – 121 005 (Haryana).

(PAN : AAIPB2718E)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Akash Ojha, Advocate
REVENUE BY : Ms. Pooja Swaroop, CIT DR

Date of Hearing : 11.11.2025
Date of Order : 21.01.2026

ORDER

PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :

1. The Revenue has filed appeals against the order of the Learned Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre

(NFAC), Delhi [“Ld. CIT (A)”, for short] dated 28.08.2025 & 29.08.2025 for the Assessment Years 2013-14 to 2016-17.

2. Since the issues are common and the appeals are connected, hence the same are heard together and being disposed off by this common order. We take up the Revenue’s appeal being ITA No.523/Del/2025 for Assessment Year 2015-16 as lead case to adjudicate the issues under consideration.
3. Brief facts of the case are, assessee is a proprietor of M/s. Ess Pee Industries. No return was filed by the assessee under section 139 of the Income-tax Act, 1961 (for short ‘the Act’) for the A.Y. 2015-16. The case was re-opened u/s 148 as per NMS data extracted from ITBA system, which reflects that the assessee has received high value credits to the tune of Rs.42,56,68,844/- into his bank account maintained with IDBI Bank bearing account no.264101000006354 during the FY 2014-15, which remained unexplained.
4. Since the assessee has not filed his return of income and no scrutiny assessment in his case took place as per information available with the system, the high value credits to the tune of Rs.42,56,68,844/- remained unexplained and accordingly, the case of assessee for A.Y. 2015-16 was re-opened within the meaning of provisions of section 147 of the Act after recording reasons for doing so and obtained necessary

administrative approval. Notice u/s 148 of the Act was issued to the assessee on 31.03.2021 and duly served upon the assessee. In response, the assessee has not filed his return of income. Thereafter, notice u/s 142(1) of the Act along with questionnaire was issued on 24.11.2021 asking the assessee to furnish certain details and documents on or before 09.12.2021. On the date fixed for compliance, neither the assessee furnished any document nor was any application for adjournment filed. In order to provide final opportunity to assessee, another notice u/s 142(1) of the Act was issued on 26.12.2021, however, no detail or document has been filed by assessee till completion of the assessment.

5. Accordingly, the AO observed that the assessee has neither filed his return of income nor any documentary evidence, therefore, the source of credit entries in his bank account remained unexplained. During the course of assessment proceeding, the assessee was given ample opportunities vide notices issued u/s 142(1) of the Act to explain the source of credit entries. However, the assessee has decided to keep mum and has not filed any explanation which shows that assessee has accepted the addition and has nothing to say in the matter. Accordingly, AO held that since the assessee has failed to explain the source of credit entries to the tune of Rs.42,56,68,844/-, therefore the same is hereby proposed to be

added back to the total income of assessee as unexplained investment u/s 69 of the Act to be taxed u/s 115BBE of the Act.

6. Aggrieved, assessee preferred an appeal before the Id. CIT (A) and filed detailed submissions along with additional evidences. Ld. CIT (A) obtained a remand report and after considering the remand report, he came to the conclusion that the assessee, an entry provider, instead of total credit, he should be assessed only the actual income earned i.e. the commission. Ld. CIT (A) observed that the rate varies from 0.15% at the lowest to 0.8% at the highest. He further observed that in general, the rates for loans carry higher rates and those for the bogus bills etc. carry the lower rates. Accordingly, Id. CIT (A) in keeping with the view taken for AY 2013-14 held that a rate of 0.5% of the credits shall be a fair indicator of the assessee's income and accordingly, he directed the AO to estimate the income at 0.5% of the credits and partly allowed the appeal.
7. Aggrieved, Revenue is in appeal before us raising following grounds of appeal :-

Grounds

"1. The Learned CIT(A) has erred in law and on facts in assessing the commission percentage at 0.50% as declared by the assessee on a turnover of Rs.32,89,58,920/- without providing cogent reasons or verifying the correctness of such a declaration. The Learned CIT (A) has erred in applying the commission income @ 0.5% despite judicial precedents and industry practice estimating commission income for entry providers within the range of 2% to 5% of the transaction amounts. III. The Learned IRS. CIT (A) has erred in deleting the addition and restricting it to 0.5% of the commission on the debit transaction as the burden is on the assessee to show who are the beneficiaries out of the said transactions and what was the commission that

has been charged by the assessee for the said transactions and how such commission was paid to the assessee.

2. The Learned CIT (A) has erred in failing to examine the source of other cash deposits/ credits amounting to Rs,42,56,68,844/- in the bank accounts of the assessee, thereby not addressing the issue of unexplained income under Section 68/69 of the Income Tax Act. The Learned CIT (A) has failed to examine the genuineness of advances allegedly given or received during the year under consideration, and to establish whether these transactions were supported by proper documentary evidence. The Learned CIT (A) has erred in not considering the entirety of the credits in the assessee's bank as unexplained, particularly where no sufficient documentary evidence was provided to substantiate the nature and source of such credits.

3. The Learned CIT(A) has erred in law and on facts by granting relief to the assessee without conducting an adequate inquiry into the nature of credits and the explanations provided, thereby failing to meet the requirements under Section 68 of the Income Tax Act. The order of the Learned CIT(A) is arbitrary, perverse, and against the settled principles of law, as it fails to address the substantive issue of unverified transactions and unexplained credits in the assessee's bank account.”

8. At the time of hearing, ld. DR of the Revenue objected to the findings of the ld. CIT (A) and relied on the findings of the Assessing Officer.
9. On the other hand, ld. AR of the assessee relied on the findings of the ld. CIT (A) and submitted that the coordinate Bench in the case of the assessee in ITA Nos.41 to 45/Del/2025 for AYs 2013-14 to 2017-18 wherein the ITAT has reduced the accommodation entry turnover to be assessed @ 0.4% than 0.5% and accordingly, pleaded that the same may be followed.
10. Considered the rival submissions and material placed on record. We find that the coordinate Bench has reduced the ratio from 0.4% than 0.5% in assessee's own case (supra) in the assessment years in appeals filed by the Revenue and held as under :-

“2. It emerges during the course of hearing that the assessee/appellant herein is aggrieved against both the learned lower authorities’ action *inter alia* treating him as an accommodation entry provider thereby assessing @ 0.5% of the corresponding credit entries totaling to Rs. 55,17,27,090/- in the “lead” assessment year AY: 2013-14 before us.

3. Learned counsel vehemently argues in this factual backdrop that both the lower authorities have erred in law and on facts in not only treating the assessee/appellant as accommodation entry provider but also assessing his entire credits at an exorbitant rate of 0.5% in question. The Revenue places strong reliance on the CIT(A)’s lower appellate discussion partly upholding the impugned addition under challenge in above terms.

4. We have given our thoughtful consideration to the assessee’s and the Revenue’s vehement rival submissions. Going to the basic relevant facts, a perusal of the assessment order dated 24th March, 2022 reveals that the Assessing Officer had proceeded in section 147 r.w.s. 144 proceedings against the assessee for the purpose of assessing his entire credits of Rs.55,17,27,091/- as unexplained for want of his explanation which has been partly extracted to 0.5% in the lower appellate discussion, reading as under:

“1. 1. Ground nos.1

Ground number 1 is generic in nature and does not command a separate decision on the same

1. 1. Ground No. 2

Ground number 2 is the material ground which stems from the action of the AO in adding the credit entries appearing in assessee's books as he found them unsubstantiated, more so on account of the fact that no compliances were made at any point of time during the assessment proceedings by the appellant which could aid him to make a more meaningful assessment of total income. In fact, for want of any other information, the AO was not missing in reason in making the addition of the entire credit entries of Rs. 55,17,27,091 as arising from undisclosed sources.

It is only during the appellate proceedings that the appellant has submitted any evidences at all. The submission consisted of written arguments, copies of ledger, bank statements, copies of VAT returns etc. and a copy of the information report lodged with the police regarding loss of documents related to the appellant's proprietorship firm on 23.11.2017.

The submissions of the appellant were forwarded to the Assessing Officer for further enquiry and comments which has already been discussed in the preceding paras.

It must be mentioned that the remand report received from the AO is not a passive document. In fact, the AO went through the submissions, and made enquiries with the parties listed therein in order to ascertain the veracity of the appellant's claims. The pertinent findings from the Remand Report are as follows

1. There are no details provided by the appellant regarding purchases made amounting to Rs. 6,63,98,125
2. One of the parties, M/s GayatriUdyog, stated to be a supplier of the appellant, stated in its response to notice u/s 133(6) that it had made purchases from the buyer, thus standing in absolute contrast to the stand of the assessee.
3. Another party, M/s NikunjUdyog did not provide any details regarding the purchases effected from them except a copy of ledger, which as per the AO did not match with the books of the assessee. Pertinent be it to mention that no other details were submitted which could enhance the credibility of the transactions.
4. Regarding the sell side, Unitech Ltd acknowledged merely that they used to buy steel from the assessee but the ledger did not match with the one provided by the assessee.
5. The assessee claimed that it had received advance of Rs. 3,00,00,000 from M/s S.V.S Buildcon Private Ltd. The AO issued 133(6) during the remand proceedings but no compliance was made by the entity until the date of submission of the remand report.
6. The AO has also regarded the Police report about loss of documents filed with incredulity and commented that it is not an FIR but just a report. I agree with the observation of the AO as the report does not mention the date on which the report was filed.
7. The AO has finally concluded that "on considering the above facts in totality, it appears that the assessee is an entry operator who provided bogus entry to various individuals/entities. Or providing entries, assessee has received commission from the beneficiaries. It can be said that credits amounting to Rs. 55,17,27,090 in the bank account of the assessee are not on account of any genuine business activity. It is settled position that in the case of an entry provider a certain percentage of the total amount of entries may be the commission income of the assessee. Therefore, it is proposed that, it will be reasonable if 5% of the total credits of Rs 55,17,27,090 which comes to Rs 2,75,86,355 may be considered as the commission income of the assessee. At the time of the assessment, in absence of any details AO was forced to treat all bank credits as unexplained income. However, having done proper analysis of the matter, it is proposed that assessee may be treated as an entry provider and commission income may be held to be assessed income"

I have gone through the submissions made by the appellant, the evidences adduced to his defense and the findings of the enquiry during the remand proceedings. The paucity of material documents amplify the conclusion that the assessee is in fact an entry provider. Even if one assumes that the documents were lost, it is inconceivable that the appellant did not have any access to other supporting documents like way bills, stock register, payment advice etc. The capital base of the assessee is indeed meagre when compared to the turnover. The bank accounts reflect the classic pattern of money and money out. Thus in view of the above the averments of the appellant as being a genuine enterprise do not hold much credence. Furthermore, there was a letter from the DDIT (Inv) Faridabad to the AO during the year 2020-21 in which it was shared that the assessee was an entry provider. The investigation wing was in possession of information relating to the assessee's bank account and the transactions there in and their analysis pointed to the fact that there was no actual business whatsoever being carried out by the assessee. Hence, I agree with the view of the AO that the Assessee is merely an entry operator. PA

Now, the AO, in his remand report has come to the conclusion that considering all the facts, and holding the assessee to be an entry provider, instead of all the

credits, only the commission that he may have earned on the transactions should be treated as his income. I agree with AO's perspective. However, the AO has proposed to estimate the commission income at 5% of the total entries. Estimation of commission income is at best, an estimation and there are several judgments on this issue. The following are a couple of cases in which the rate of commission was directly or indirectly discussed

<i>Citation</i>	<i>Name of the case</i>	<i>Bench</i>	<i>Rate</i>
<i>136 taxmann.com 151</i>	<i>Sanjay KuamrChoudhary (HUF) Vs ACIT</i>	<i>ITAT Surat</i>	<i>0.2-0.5</i>
<i>117 taxmann.com 292</i>	<i>PCIT VsAlag Securities</i>	<i>Mumbai</i>	<i>0.15</i>
<i>117 taxmann.com 396</i>	<i>Uday Shankar Mahwarvs ACIT</i>	<i>Kolkata</i>	<i>0.3-0.8</i>
<i>103 taxmann.com 25</i>	<i>MukeshChoksiVs ACIT</i>	<i>Mumbai</i>	<i>0.15</i>
<i>82 taxmann.com 344</i>	<i>DCIT VsSagarmalNahta</i>	<i>Kolkata</i>	<i>0.2-0.55</i>

It can be seen that the rate varies from 0.15 at the lowest to 0.8 at the highest. In general, the rates for loans carry higher rates and those for the bogus bills etc carry the lower rates. In view of the above, I believe that a rate of 0.5% of the turnover shall be a fair indicator of the appellant's income. The AO is directed to estimate the income at 0.5% of the turnover. Thus the appeal of the assessee on ground no. 2 is partly allowed."

5. It is sufficiently clear that what all the assessee's accounts have witnessed is a continuous flow of credits and debits wherein he has been found to be a mere accommodation entry provider on account of his failure in filing the supportive evidence claiming any genuine business activity. We thus see no reason to interfere with the learned CIT(A) detailed discussion holding the assessee to be an accommodation entry provider in principle. The assessee fails in his first and foremost argument in very terms therefore.

6. Next comes equally important aspect of quantification of the assessee's impugned accommodation entry commission income which has been estimated @ 0.5% after treating his credit entries as part of turnover only. Both the parties could hardly dispute that this tribunal's various decisions have held such accommodation entries as assessable at varying profit rates ranging between 0.15% to 0.8% of the turnover in various instances. And also that possibility of some errors in such a pure estimation exercise could not be altogether ruled out as well. Be that as it may, we deem it appropriate in this factual backdrop that the assessee deserves part relief to the extent that his above accommodation entry turnover deserves to be assessed @ 0.4% than 0.5% to be followed by the learned Assessing Officer's consequential computation as per law. The assessee's instant "lead" appeal ITA No. 41/Del/2024 for assessment year 2013-14 is partly allowed.

7. Same order to follow in the assessee's remaining four appeals ITA Nos. 42 to 45/Del/2025 since involving identical set of facts and issues.

We reiterate before parting that the learned Assessing Officer's consequential computation shall assess the assessee's corresponding credits @ 0.4% subject to a

rider that the same shall not be treated as a precedent since based on peculiar set of facts involved herein.

8. These assessee's five appeals ITA Nos.41 to 45/Del/2025 are partly allowed. A copy of this common order be placed in the respective case files."

11. Respectfully following the aforesaid decision of the coordinate Bench in assessee's own case in the AYs 2013-14 to 2017-18, we hold and direct the above accommodation entry turnover deserves to be assessed @ 0.4% instead of 0.5% to be followed by the Assessing Officer in consequential computation as per law. Accordingly, the appeal filed by the Revenue being ITA No.521/Del/2025 for AY 2015-16 is dismissed.
12. With regard to appeals for AYs 2013-14, 2014-15 and 2016-17 are concerned, since the facts are exactly similar to AY 2015-16 our above findings in AY 2015-16 are applicable *mutatis mutandis* in AYs 2013-14, 2014-15 and 2016-17. Accordingly, the appeals for AYs 2013-14, 2014-15 & 2016-17 filed by the Revenue are also dismissed.
13. To sum up : all the four appeals filed by the Revenue are dismissed.

Order pronounced in the open court on this 21st day of January, 2026.

**Sd/-
(ANUBHAV SHARMA)
JUDICIAL MEMBER**

**sd/-
(S.RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

**Dated: 21.01.2026
TS**

Copy forwarded to:

1. Appellant
2. Assessee
3. CIT
4. CIT(Appeals).
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**