

IN THE INCOME TAX APPELLATE TRIBUNAL “E” BENCH MUMBAI

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER
AND
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER**

**ITA Nos. 6117, 6118, 6196 and 6197/Mum/2025
Assessment Years: 2019-2020 to 2022-23**

ACIT 19(3), Mumbai Room No-513, 5 th Floor, Piramal Chamber, Parel Mumbai-400012	Vs.	Tiktok Enterprises D-1165IA, 315AA,315IA, AC Rajaram Mohan Roy Marg, Girgaon, Mumbai-400004 (PAN: AAGFT3784N)
(Appellant)		(Respondent)

**CO Nos.366, 367, 368 and 369/Mum/2025
(Arising out of ITA Nos. 6117, 6118, 6196 and 6197/MUM/2025)
Assessment Years: 2019-2020 to 2022-23**

Tiktok Enterprises D-1165IA, 315AA,315IA, AC Rajaram Mohan Roy Marg, Girgaon, Mumbai-400004 (PAN: AAGFT3784N)	Vs.	ACIT 19(3), Mumbai Room No-513, 5 th Floor, Piramal Chamber, Parel Mumbai-400012
(Appellant)		(Respondent)

Present for:

Assessee : Shri Fenil Bhatt, CA
Revenue : Shri Hemanshu Joshi, Sr. DR

Date of Hearing : 11.02.2026

Date of Pronouncement : 25.03.2026

ORDER

PER BENCH [GIRISH AGRAWAL, ACCOUNTANT MEMBER]:

These four appeals filed by the Revenue and their respective cross objections filed by the assessee are against the orders of CIT(A) National Faceless Appeal Centre (NFAC), Delhi -

- i) vide order no. ITBA/NFAC/S/250/2025-26/1079135419(1), dated 31.07.2025, passed against the assessment order by National Faceless Assessment Centre, u/s. 147 r.w.s. 144B of the Income-tax Act (hereinafter referred to as the “Act”), dated 28.02.2025, for Assessment Year 2019-20.
- ii) vide order no. ITBA/NFAC/S/250/2025-26/1079135683(1), dated 31.07.2025, passed against the assessment order by Assistant Commissioner of Income Tax Circle 19(3), Mumbai, u/s. 147 of the Act, dated 20.03.2025, for Assessment Year 2020-21.
- iii) vide order no. ITBA/NFAC/S/250/2025-26/1079136076(1), dated 31.07.2025, passed against the assessment order by Assistant Commissioner of Income Tax Circle 19(3), Mumbai, u/s. 147 of the Act, dated 20.03.2025, for Assessment Year 2021-22.
- iv) vide order no. ITBA/NFAC/S/250/2025-26/1079136438(1), dated 31.07.2025, passed against the assessment order by Assistant Commissioner of Income Tax Circle 19(3), Mumbai, u/s. 147 of the Act, dated 20.03.2025, for Assessment Year 2022-23.

2. Grounds taken by the Revenue and assessee are reproduced as under:

ITA No. 6117/Mum/2025

“1. Whether the facts and circumstances of the case and in law, LA. CIT(A) has erred in deleting the addition of bogus expenses of Rs. 12,50,000/- made by the AO on account of un-explained transactions in obtaining bogus entries from Shri. Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities?”

2 Whether the facts and circumstances of the case and in law, Ld. CTIA) has erred in deleting the addition of bogus expenses made by the AO by ignoring the fact that Assessment was re opened u/s 147 of the Act, on the basis of information gathered out of search and seizure action conducted by office of the

Diff Investigation Wing) Mumbai, on Shri. Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities, who has admitted in recorded statement u/s. 132(1) of the Act, that he was a entry provider engaged in the business of providing accommodation entries of bogus purchases far commission and assessee was found to be one of beneficiary, obtained bogus accommodation entries without actual delivery of goods and these transactions were controlled and managed to generate paper tail only ?

3. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses made by the AO, by ignoring the fact that the assessee his failed to prove the genuineness and creditworthiness of transactions and parties, by not producing relevant documents/evidences/delivery challans, stock registers, lorry receipts, bank statements etc. during the He assessment proceedings, in spite of providing opportunities before passing final order?

4. Whether on the facts and in the circumstances of the case and in law, The Ld. CIMA) has not appreciated the decision of the Hon'ble Supreme Court in the case of M/s. N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, wherein the Hon'ble Court has held that once a findings of act has been given that entire purchases shown on the basis of fictitious invoices and debited in the P & L account are established os bogus, then restricting the addition to a curtained percentage goes against the principles of section 68 and 690 of the Income Tax Act, 1961.

5. The present order of the Ld. CIT(A) is perverse in not considering that the order of Hon'ble Supreme Court in the case of M/s. N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, which is on the similar issue of bogus purchases, was already the law of the land when the Ld. CIT(A) has pronounced it's order on 31.07.2025

6. The decision of the Ld. CIT(A), has not appreciated the in view of the decision of the Hon'ble High Court Mumbai, in the case of Pr. Commissioner of Income-Tax-5, Mumbai Vs. Kanak Impex (India) Ltd(2025)172 Taxmann.com 283 (Bombay) Dated. 03.03.2025, wherein the decision of 100% addition made by AO has been allowed, by rejecting the ITAT's decision of estimating the profit rate 12.5%, on bogus purchases and thereby impliedly grant deduction of such unexplained expenditure incurred u/s. 69C of the Act, eventhough the assessee failed to discharge its onus to prove the genuineness of alleged purchases and has offered no explanation of the sources of expenditure incurred on account of such purchases.

7. The Appeal has been partly allowed without appreciating the fact that in the case of M/s. Swetamber Steels Ltd. (Supra), the Hon'ble ITAT Ahmadabad, had conformed the disallowance of the bogus purchase, by stating that the purchases shown from respective parties were found non genuine and the decision of the ITAT was upheld by Hon'ble Gujarat High Court and thereafter also by the Hon'ble Supreme Court.

8. Further to mention that despite of the low tax effect which is Rs.3,90,000/-, below the prescribed limit mentioned in the CBDT's Circular F. No. 279/ Misc. 142/2007 ITJ(Pt) amended vide No. 09/2024 dated. 17.09.2024. the appeal is

being filed before the Hon'ble ITAT, as this case falls under one of the exceptions specified in paragraph 3.1(h) of the of the CBDT's Circular No. 05/2024 Dated. 15.03.2024, wherein it is stated that in cases involving "Organized Tax Evasion", in such cases the decision to file appeal/SLP shall be taken on merit without regard to the tax effect and the monetary limit."

ITA No. 6118/Mum/2025

1. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses of Rs.9,00,000/- and commission expenses of Rs. 27,000/-made by the AO on account of un-explained transactions in obtaining bogus entries from Shri. Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities?

2. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses and commission expenses made by the AO by ignoring the fact that Assessment was re-opened u/s 147 of the Act, on the basis of information gathered out of search and seizure action conducted by office of the DGIT(Investigation Wing) Mumbai, on Shri. Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities, who has admitted in recorded statement u/s. 132(4) of the Act, that he was a entry provider, engaged in the business of providing accommodation entries of bogus purchases for commission and assessee was found to be one of beneficiary, obtained bogus accommodation entries without actual delivery of goods and these transactions were controlled and managed to generate paper tail only ?

3. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses and commission expenses made by the AO, by ignoring the fact that the assessee has failed to prove the genuineness and creditworthiness of transactions and parties, by not producing relevant documents/evidences/delivery challans, stock registers, lorry receipts, bank statements etc. during the Re-assessment proceedings, in-spite of providing opportunities before passing final order?

4. Whether, on the facts and in the circumstances of the case and in law, The Ld. CIT(A) has net appreciated the decision of the Hon'ble Supreme Court in the case of M/a. N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, wherein the Hon'ble Court has held that once a findings of act has been given that entire purchases shown on the basis of fictitious invoices and debited in the P&L account are established as bogus, then restricting the addition to a curtained percentage goes against the principles of section 68 and 69C of the Income Tax Act, 1961.

5. The present order of the Ld. CIT(A) is perverse in not considering that the order of Hon'ble Supreme Court in the case of M/s. N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, which is on the similar issue of bogus purchases, ready the law of the land when the Ld. CIT(A) has pronounced its order on 31.07.2025.

6. The decision of the Led. CIT(A), has not appreciated the in view of the decision of the Hon'ble High Court Mumbai, in the case of Pr. Commissioner of Income-Tax-

5, *Mumbai Vs. Kanak Impex (India) Ltd(2025)172 Taxmann.com 283 (Bombay) Dated. 03.03.2025*, wherein the decision of 100% addition made by AO has been allowed, by rejecting the ITAT's decision of estimating the profit rate 12.5% on bogus purchases and thereby impliedly grant deduction of such unexplained expenditure incurred u/s. 69C of the Act, eventhough the assessee failed to discharge its onus to prove the genuineness of alleged purchases and has offered no explanation of the sources of expenditure incurred on account of such purchases.

7. *The Appeal has been partly allowed without appreciating the fact that in the case of M/s. Swetamber Steels Ltd. (Supra), the Hon'ble ITAT Ahmadabad, had conformed the disallowance of the bogus purchase, by stating that the purchases shown from respective parties were found non genuine and the decision of the ITAT was upheld by Hon'ble Gujarat High Court and thereafter also by the Hon'ble Supreme Court.*

8. *Further to mention that despite of the low tax effect which is Rs.2,89,220/-, below the prescribed limit mentioned in the CBDT's Circular F.No.279/Misc. 142/2007-ITU(P) amended vide No. 09/2024 dated 17.09.2024. the appeal is being filed before the Hon'ble ITAT, as this case falls under one of the exceptions specified in paragraph 3.1(h) of the of the CBDT's Circular No. 05/2024 Dated. 15.03.2024, wherein it is stated that in cases involving "Organized Tax Evasion", in such cases the decision to file appeal/SLP shall be taken on merit without regard to the tax effect and the monetary limit.*

ITA No. 6196/Mum/2025

1. *Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses of Rs.5,00,000/- and commission expenses of Rs. 15,000/-made by the AO on account of un-explained transactions in obtaining bogus entries from Shri. Ramesh Chaurasia, Siri Achal Chaurasia, and the ARC Group and his related entities?*

2. *Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses and commission expenses made by the AO by ignoring the fact that Assessment was re-opened u/s 147 of the Act, on the basis of information gathered out of search and seizure action conducted by office of the DGIT(Investigation Wing) Mumbai, on Shri. Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities, who has admitted in recorded statement u/s. 132(4) of the Act, that he was a entry provider, engaged in the business of providing accommodation entries of bogus purchases for commission and assessee was found to be one of beneficiary, obtained bogus accommodation entries without actual delivery of goods and these transactions were controlled and managed to generate paper trail only?*

3. *Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses and commission expenses made by the AO, by ignoring the fact that the assessee has failed to prove the genuineness and creditworthiness of transactions and parties, by not producing relevant documents/evidences/delivery challans, stock registers, lorry receipts, bank statements etc. during the Re-assessment proceedings, in-spite of providing opportunities before passing final order ?*

4. Whether, on the facts and in the circumstances of the case and in law, The Ld. CITJAJ has not appreciated the decision of the Hon'ble Supreme Court in the case of K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, wherein the Hon'ble Court has held that once a findings of act has been given that entire purchases shown on the basis of fictitious invoices and debited in the P & L account are established as bogus, then restricting the addition to a curtained percentage goes against the principles of section 168 and 69C of the Income Tax Act, 1961.

5. The present order of the Ld. CIT(A) is perverse in not considering that the order of Han ble Supreme Court in the case of M/s. N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, which is on the similar issue of bogus purchases, was already the law of the land when the Ld. CIT(A) has pronounced it's order on 31.07.2025.

6. The decision of the Ld. CIT(A), has not appreciated the in view of the decision of the Hon'ble High Court Mumbai, in the case of Pr. Commissioner of Income-Tax-5, Mumbai Vs. Kanak Impex (India) Ltd(2025)172 Taxmann.com 283 (Bombay) Dated. 03.03.2025, wherein the decision of 100% addition made by AO has been allowed, by rejecting the ITAT's decision of estimating the profit rate @12.5% on bogus purchases and thereby impliedly grant deduction of such unexplained expenditure incurred /s. 690 of the Act, eventhough the assessee failed to discharge its onus to prove the genuineness of alleged purchases and has offered no explanation of the sources of expenditure incurred on account of such purchases.

7. The Appeal has been partly allowed without appreciating the fact that in the case of M/s. Swetamber Steels Ltd. (Supra), the Hon'ble ITAT Ahmadabad, had conformed the disallowance of the bogus purchase, by stating that the purchases shown from respective parties were found non genuine and the decision of the ITAT was upheld by Hon'ble Gujarat High Court and thereafter also by the Hon'ble Supreme Court.

8. Further to mention that despite of the low tax effect which is Rs.1,60,680/-, below the prescribed limit mentioned in the CBDT's Circular F.No.279/Misc. 142/2007-J(Pt) amended vide No. 09/2024 dated. 17.09.2024. the appeal is being filed before the Hon'ble ITAT, as this case falls under one of the exceptions specified in paragraph 3.1(h) of the of the CBDT's Circular No. 05/2024 Dated. 15.03.2024, wherein it is stated that in cases involving" Organized Tax Evasion", in such cases the decision to file appeal/SLP shall be taken on merit without regard to the tax effect and the monetary limit.

ITA No. 6197/Mum/2025

1. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses of Rs. 48,70,00/- and commission expenses of Rs. 1,46,100/-made by the AO on account of unexplained transactions in obtaining bogus entries from Shri.Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities?

2. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses and commission expenses made by the AO by ignoring the fact that Assessment was re-opened u/s 147 of the Act, on the basis of information gathered out of search and seizure action conducted by office of the DGIT(Investigation Wing) Mumbai, on Shri. Ramesh Chaurasia, Shri Achal Chaurasia, and the ARC Group and his related entities, who has admitted in recorded statement u/s. 132(4) of the Act, that he was a entry provider, engaged in the business of providing accommodation entries of bogus purchases for commission and assessee was found to be one of beneficiary, obtained bogus accommodation entries without actual delivery of goods and these transactions were controlled and managed to generate paper tail only ?

3. Whether the facts and circumstances of the case and in law, Ld. CIT(A) has erred in deleting the addition of bogus expenses and commission expenses made by the AO, by ignoring the fact that the assessee has failed to prove the genuineness and creditworthiness of transactions and parties, by not producing relevant documents/evidences/delivery challans, stock registers, lorry receipts, bank statements etc. during the Re-assessment proceedings, in spite of providing opportunities before passing final order?

4. Whether, on the facts and in the circumstances of the case and in law, The Ld. CIT(A) has not appreciated the decision of the Hon'ble Supreme Court in the case of M/s, N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, wherein the Hon'ble Court has held that once a findings of act has been given that entire purchases shown on the basis of fictitious invoices and debited in the P & L account are established as bogus, then restricting the addition to a curtailed percentage goes against the principles of section 68 and 69C of the Income Tax Act, 1961.

5. The present order of the Ld. CIT(A) is perverse in not considering that the order of Hon'ble Supreme Court in the case of M/s. N. K. Proteins Ltd. Vs. Dy. CIT (2016) 292 CTR (Guj.) 354, Dated. 16.01.2017, which is on the similar issue of bogus purchases, was already the law of the land when the Id. CIT(A) has pronounced it's order on 31.07.2025.

6. The decision of the Ld. CIT(A), has not appreciated the in view of the decision of the Hon'ble High Court Mumbai, in the case of Pr. Commissioner of Income-Tax-5, Mumbai Vs. Kanak Impex (India) Ltd(2025)172 Taxmann.com 283 (Bombay) Dated. 03.03.2025, wherein the decision of 100% addition made by AO has been allowed, by rejecting the ITAT's decision of estimating the profit rate @12.5% on bogus purchases and thereby impliedly grant deduction of such unexplained expenditure incurred 11/s. 69C of the Act, eventhough the assessee failed to discharge its onus to prove the genuineness of alleged purchases and has offered no explanation of the sources of expenditure incurred on account of such purchases.

7. The Appeal has been partly allowed without appreciating the fact that in the case of M/s. Swetamber Steels Ltd. (Supra), the Hon'ble ITAT Ahmadabad, had conformed the disallowance of the bogus purchase, by stating that the purchases shown from respective parties were found non genuine and the decision of the

ITAT was upheld by Hon'ble Gujarat High Court and thereafter also by the Hon'ble Supreme Court.

8. Further to mention that despite of the low tax effect which is Rs. 15,65,020/-, below the prescribed limit mentioned in the CBDT's Circular F.No.279/Misc. 142/2007-ITJ(PI) amended vide No. 09/2024 dated. 17.09.2024, the appeal is being filed before the Hon'ble ITAT, as this case falls under one of the exceptions specified in paragraph 3.1(h) of the of the CBDT's Circular No. 05/2024 Dated. 15.03.2024, wherein it is stated that in cases involving "Organized Tax Evasion", in such cases the decision to file appeal/SLP shall be taken on merit without regard to the tax effect and the monetary limit."

Grounds of Cross Objections

1. On the facts and in the circumstances of the case and in law, the Ld. AO erred in issuing notice u/s. 148 of the Act and consequently passing an order u/s. 143(3) r.w.s. 147 of the Act

2. The Cross Objector therefore prays that the reassessment proceedings initiated by the Ld. AO be held as null and void ab initio, and the order passed u/s. 143(3) r.w.s. 147 of the Act be annulled.

3. Common grounds are raised by the Revenue in all the four appeals filed by it except for variation in quantum of addition for which relief is granted by ld. CIT(A). In the cross objections filed by the assessee against all the four appeals of the Revenue, common grounds of cross objections are taken in respect of assumption of jurisdiction u/s.147 of the Act. Owing to this commonality, both in appeals by the Revenue and in the cross objections by the assessee, all these matters are taken up together for adjudication by passing this consolidated order.

4. The common issue involved in the appeals filed by the Revenue is in respect of bogus consultancy charges/fees paid by the assessee. In the course of hearing before us, ld. DR drew his facts and made his submissions by taking the appeal for Assessment Year 2022-23. We take up the same for our adjudication. Our observations and findings in this case shall apply *mutatis mutandis* to all the other three appeals. There are certain additional facts which were pointed out by the ld. Counsel for the assessee in the course of hearing before us for

assessment year 2019-20, which shall be dealt with, in due course. Assessee has placed on record written synopsis of the arguments made by it through its Id. Counsel. Also, relevant documentary evidences are placed in the paper book in each of the four assessment years. All these materials have been considered including the orders of the authorities below, for the purpose of our adjudication.

5. Brief facts of the case are that assessee is engaged in providing consultancy services to export and import houses, with respect to the carrying out of their international trade transactions. In order to cater to its clients, it obtains services from professionals, namely, qualified Chartered Accountants (Cas) who are engaged based on assignments it gets. The professionals who are engaged by the assessee for availing their services are not on its payroll but are independent professionals. Assessee filed its return of income on 30.07.2022, reporting total income at Rs.79,15,100/-. In this year, assessee reported earning of consultancy charges of Rs.3,05,39,950/- which resulted into a surplus before tax of Rs.76,27,088/- as its book profit. In its profit and loss statement, assessee has reported expenses towards consultancy charges of Rs.1,25,16,000/- under the head "other expenses". Consultancy charges amounted to almost 54% of the total expenditure incurred by it, since assessee has limited employees on its payroll with total salaries and wages of Rs.32,58,651/-.

5.1. Subsequently, Id. Assessing Officer received information from the Investigation Wing of assessee being a beneficiary of obtaining accommodation entry, based on search and seizure and survey action undertaken on 15.02.2023 in the case of Shri Ramesh Chaurasia, Shri Achal Chaurasia and the ARC group. During the course of this search action, certain incriminating physical and digital evidences were found

and seized and statements of certain key persons were recorded which revealed that one Shri Rushab Savla has sourced/arranged accommodation entries of bogus commission income and bogus trading income of various ARC group concerns, in lieu of cash. This resulted into another search and seizure action on 05.07.2022, wherein Shri Rushab Savla was also covered. In the course of this search action, certain incriminating evidences in the form of excel sheet, WhatsApp chat conversations and other digital evidence were found and seized from the residence and office of this Shri Rushab Savla. His statement was also recorded u/s.132(4). Based on the report received from the Investigation Wing of the Department, Id. Assessing Officer considered the amount of Rs.48,70,000/- as unexplained expenditure u/s.37(1) and treated it as bogus expenses. He also added alleged payment of commission for entry provider at the rate of 3% which worked out to Rs.1,46,100/-.

5.2. In the course of assessment proceedings, in response to the notice u/s. 142(1), assessee explained its consultancy business and listed the services rendered by it to its clients. Details of consultancy charges paid by it during the year was furnished along with copies of engagement letters and invoices raised by various professionals on the assessee. Copies of ledger accounts of various professionals and consultants in the books of the assessee as well as copies of bank statement, evidencing payment of consultancy charges were also placed on record. All these documents form part of the paper book before us. It was pointed out that out of the total consultancy charges paid Rs.1,25,16,000/-, Id. Assessing Officer disputed amount of Rs.58,12,234/-.

5.3. Further, assessee submitted that within this disputed amount, there were four such transactions which were not entered by the assessee at all. Assertion of the assessee mentioned that no independent verification of data was made by the ld. Assessing Officer, except for taking the report from the Investigation Wing, as it is. Further, it was submitted that no opportunity of cross examining the persons whose statement have been relied upon, had resulted into violation of principles of natural justice. From the extracts of the statements which were reproduced in the show cause notice by the ld. Assessing Officer, it was submitted that in these extracted portion relied upon, there is no specific mention about the professional fees paid to the parties as bogus. Also, reliance placed on WhatsApp communication is not conclusive, as not made available to the assessee for rebuttal. After negating the submissions made by the assessee, ld. Assessing Officer concluded that there is bogus invoicing of Rs.48,70,000/- instead of Rs.58,12,234/- mentioned in the show cause notice and thus, disallowed the same u/s 37(1). He also made addition on account of alleged payment of commission at the rate of 3%, i.e., Rs.1,46,100/- as unexplained expenditure u/s.69C. Aggrieved by the additions, assessee moved the first appeal before ld. CIT(A) who after going through the material placed on record and submission and explanations furnished by the assessee, granted relief by allowing the appeal.

6. In the appeal by the Revenue, ld. DR reiterated the observations and findings of the ld. Assessing Officer. He referred to the statement of Shri Rushab Savla which mentioned that assessee is a beneficiary of accommodation entries. According to him, addition has been made on the basis of WhatsApp communication and statements of Shri Rushab Savla. Further, assessee has not discharged its primary obligation even

though assessee was made aware of material used against it since extracts of the statements were furnished in the show cause notice. He thus, asserted that the addition made by the ld. AO ought to be sustained.

7. Per contra, ld. Counsel for the assessee strongly relied on the findings arrived at by the ld. CIT(A). It was contended that assessee furnished corroborative evidences which included engagement letters, invoices raised by the professionals and bank statements of the assessee which evidently demonstrated the correct factual position for the claim made by the assessee. According to the assessee, ld. Assessing Officer has simply relied on the statement of Shri Rushab Savla while making the disallowance. It was pointed out that Shri Rushab Savla in his statement has not confirmed anywhere that he has introduced consultants who have provided bogus bills to the assessee. For a reference of “Mr Milan Tiktok” in question no.135, it was submitted that ld. AO has not independently called upon “Mr. Milan Tiktok” to confirm the alleged transactions, in absence of which assessee cannot be implicated. In respect of WhatsApp communication between Shri Rushab Savla and Mr. Milan Tiktok as extracted in the statement of Shri Rushab Savla, it was submitted that there is no reference to any cash transaction in lieu of receiving invoices. It only refers to receipt of pending invoices and corresponding payment of invoices. Copy of these WhatsApp communication has never been provided to the assessee.

7.1. Ld. Counsel reiterated that no enquiry has been made by the ld. AO pursuant to information received from Investigation Wing but has been relied upon solely for the purpose of making the addition. It was further submitted that statement of Shri Rushab Savla has been retracted and therefore, it cannot be relied upon for taking an adverse

view. Ld. Counsel strongly asserted that Revenue cannot approbate and reprobate at the same time. In this regard, it was submitted that for the purpose of making addition, the reasoning given is that Shri Rushab Savla has given this information in his statements. However, on request for cross examination, while denying it, it is stated that Shri Rushab Savla has retracted the statement and therefore, cross examination is not warranted. Assessee further, claims that copies of the entire statement relied upon by ld. Assessing Officer has not been supplied to the assessee except for certain extracts reproduced in the show cause notice nor any opportunity given for cross examination. Ld. Counsel for the assessee thus, submitted that ld. CIT(A) has rightfully given the relief by deleting the additions made by the ld. Assessing Officer and therefore his findings ought to be upheld.

8. We perused the order of ld. CIT(A) along with the material placed on record. Admittedly, it is a fact on record that assessee is engaged in providing consultancy services, fact of which is not in dispute. It has reported its revenue from the consultancy services year-on-year basis in its financial statements, forming part of the paper book. Assessee has explained the *modus operandi* of its business whereby it deploys pool of consultants/professionals, namely CAs to cater to its clients and in turn, incurs expenses towards consultancy charges. These expenses claimed by the assessee are duly reported in its financial statements, details of which were furnished in the course of assessment proceedings, corroborated by documentary evidences already noted above and also forming part of the paper book. Importantly, it is noted that ld. AO has not commented on any of the documents submitted by the assessee to point out any defect or deficiency to disprove the same. Also, ld. AO has denied providing opportunity of cross examination of the persons whose statements have been relied upon which were

recorded in the course of their respective search action. Ld. AO has also refrained himself from supplying the material relied upon by him for the purpose of making the addition. It is noted that ld. AO has proceeded to make the addition merely on the basis of details shared by the Investigation Wing, without conducting any further enquiry or verification in that regard.

8.1. Upon consideration of these facts and circumstances, ld. CIT(A) noted that payments have been fully accounted for in the books of accounts, subjected to audit u/s.44AB of the Act, payments made through proper banking channel and supported by invoices, TDS compliance done and confirmations from the payees obtained. Further, he noted that for making disallowance u/s.37, ld. AO has not established the factual position that expenditure has not been incurred wholly and exclusively for the purpose of business or the claim is fictitious or non-genuine, except for relying on the statement of third party, without granting opportunity of cross examination. He thus, by placing reliance on the decision of Hon'ble Supreme Court in the case of Andaman Timber Industries vs. Commissioner of Central Excise [2015] 281 CTR 214 (SC) and several other judicial precedents held that the disallowance made by the ld. AO lacks legal and factual justification. Accordingly, he deleted the addition made by ld. AO both, on account of consultancy charges paid by it and the alleged commission charged on the said amount of consultancy charges.

8.2. Having considered the factual position as narrated in detail in the above paragraphs, corroborated by documentary evidences placed on record, we find that it is a case where assessee has explained its factual position which remains uncontroverted as nothing cogent is brought on record by Revenue to taint them as bogus or sham. We also note that

there is gross violation of principles of natural justice by not providing the adverse material relied upon, which was found and seized in the search of the third person so as to put the assessee into an adverse situation. Further, despite repeated request, no opportunity of cross examination has been provided, rather it has been explicitly denied by holding that relevant extracts were made available through show cause notice.

8.3. In the conspectus of above discussion, we do not find any reason to interfere with the findings arrived at by Id. CIT(A) in granting relief to the assessee. Accordingly, grounds raised by the Revenue are dismissed.

9. In respect of appeal for Assessment Year 2019-20, in addition to what has already been observed and discussed in the above paragraphs, Id. Counsel for the assessee pointed out certain factual details relevant to this specific year which are noted as under:

- i. Assessee admitted carrying out transactions with two consultants, namely KCDR & Asso. ("KCDR") and Mr. Ronak Gada ("Mr. Gada"), collectively referred to as "the Consultants". With respect to consultancy charges paid to Ms. Sachi Mehta ("Ms. Mehta") amounting to Rs. 50,000, assessee clarified that no such transaction was undertaken with Ms. Mehta.
- ii. In support of the genuineness of the transactions, the following documentary evidence were submitted:
 - a. Contract-cum-scope of work
 - b. Invoices raised by the professionals
 - c. Bank Statement of the assessee evidencing payments made to the professionals

- d. Ledger copies of consultants in the books of accounts of the assessee
- e. TDS certificates issued by the assessee to the professionals
- iii. Assessee also requested for cross-examination of the parties, whose statements were recorded, and have been relied upon by the Id. Assessing Officer.
- iv. Further, assessee requested the Ld. AO to issue a notice under section 133(6) of the Act so that the stand of the assessee could be substantiated.

9.1. Ld. AO issued notices u/s. 133(6) to the consultants who responded to the same by making their submissions. Assessee has placed on record these submissions which were furnished electronically by the respective consultants. The same forms part of the paper book at page – 172 as e-proceedings response acknowledgement by KCDR and Associates. Relevant extracts from the same are as under:

“Tik Tok Enterprises provides business support services to Exports houses and other Exporters regarding the Govt. Policies such as foreign trade policy, excise/GST, customs, industrial policy, environmental, Pollution Control, Regulations etc. In the layman terms Tik Tok Enterprises act as a bridge between the Export Houses and relevant Govt. department. For providing said services to Industrial Houses and Export houses the Tik Tok Enterprises hire professionals and staff which is well verse in the aforesaid field. Tik Tok Enterprises would pitch the client who require the aforesaid services and provide them the best in industry support services through the professionals and other experienced/trained staff. Tik Tok employs the skilled/experienced staff for providing the aforesaid services to its reputed clients. Also, Tik Tok also avail services of the consulting firms and freelance consultants and experienced staff. Tik Tok is working with many freelance consultants and consulting firm along-with its experienced staff for providing best services to its client. 7. The assessee being a Chartered Accountant firm with qualified and skilled staff is capable of providing the aforesaid services to the client. Tik Tok Enterprises is working with many such consultants and The captioned assessee is attaching herewith contract-cum-scope of work/engagement letter provided to the aforesaid consultants, which mentions the term and

conditions for provision of the services (Annexure 1). To further substantiate the aforementioned transactions with aforesaid Tik Tok Enterprises, we have attached invoices raised by the us on the Tik Tok Enterprises for the professional services provided in AY 2019-20 (Annexure 2). We are attaching herewith the extract of the bank statement wherein the funds are received after deduction of the TDS. (Annexure 3) The captioned assessee is also submitting ledger account of Tik Tok from the Audited book of accounts to further substantiate the genuineness of the transactions. The captioned assessee is also submitting the GST returns wherein this transaction is duly reflected. (Annexure 4 and 5) The Professional fees were received after deducting statutory TDS. Copies of Form 26AS are attached herewith for your kind perusal (Annexure 6)”

9.2. Similarly, e-proceedings response acknowledgement in the case of Ronak Vasant Gada is placed on record at page-174. Relevant extract from the same is reproduced for ready reference:

“1. The assessee has provided professional services to Tik Tok Enterprises. The assessee being Chartered Accountant by profession is very well verse with Govt. Policies such as foreign trade policy, excise/GST, customs, industrial policy, environmental, Pollution Control, Regulations etc. Tik Tok Enterprises found the captioned assessee competent to provide its clientale business support services with high level of professionalism which meets the standard set by the Tik Tok Enterprises in its 50 plus years of experience in the area. 2. The assessee is attaching herewith contract-cum-scope of work provided by the Tik Tok Enterprises, which mentions the term and conditions for provision of the services (Annexure 1). 3. The aforementioned transactions with the party in question, the undersigned have attached invoices raised by the captioned assessee on the Tik Tok Enterprises for the professional services provided in AY 2019-20 (Annexure 2). The assessee is attaching herewith the extract of the bank statement wherein the funds are received from the Tik Tok Enterprises after deduction of the TDS. (Annexure 3) 4. The assessee is also submitting ledger confirmations received from Tik Tok Enterprises to further substantiate the genuineness of the transactions. (Annexure 4) 5. The Professional fees were paid after deducting statutory TDS. The same is appearing in the Form 26AS.”

9.3. On the strength of above, assessee contended that consultants have duly responded to the queries raised by the Assessing Officer and confirmed the transactions to the assessee. Relevant bank statements

of the respective consultants were also furnished, demonstrating the receipt of funds after deduction of tax at source. Further, GST returns of the consultants reflecting the transactions were also placed on record in support of rendition of their services to the assessee.

9.4. The above factual matrix further strengthens the case of the assessee in its favour, leaving not even an iota of doubt on the rightful relief granted by the ld. CIT(A) by deleting the additions so made. Accordingly, grounds raised by the Revenue in its appeal for Assessment Year 2019-20 are dismissed.

10. In the result, all the four appeals of the Revenue are dismissed.

11. In respect of cross objections, it is noted that there is a delay of one day in filing the same for which petition for condonation of delay along with affidavit is placed on record explaining the *bonafide* reason for such a marginal delay of one day. The same have been perused and considering the same, the said delay is condoned.

12. These cross objections have a common ground relating to assumption of jurisdiction u/s. 147 by the ld. Assessing Officer, whereby it is contended that notice u/s.148 was issued by the Jurisdictional Assessing Officer (JAO) instead of the Faceless Assessing Officer (FAO) which is in violation of the provisions of section 151A of the Act and the faceless assessment scheme. Since the issue in hand had been considered on the merits of the case in terms of our observations and findings whereby appeals of the Revenue are dismissed, upholding the relief granted by ld. CIT(A), the aforesaid jurisdictional issue is left open and not adjudicated upon, more particularly, keeping in perspective the proposed amendment in this

regard in the Finance Bill, 2026. Liberty is granted to the assessee to take up this left open issue at appropriate forum, if warranted by relevant situation.

13. In the result, cross objections filed by the assessee are dismissed.

14. In the result, appeals of the Revenue and cross objections of the assessee are dismissed.

Order is pronounced in the open court on 25 March, 2026

Sd/-
(Amit Shukla)
Judicial Member

Sd/-
(Girish Agrawal)
Accountant Member

Dated: 25 March, 2026

MP, Sr.P.S.

Copy to:

- 1 The Appellant
- 2 The Respondent
- 3 DR, ITAT, Mumbai
- 4 Guard File
- 5 CIT

BY ORDER,

(Dy./Asstt.Registrar)
ITAT, Mumbai