

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH “SMC”, NEW DELHI**

BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER

**ITA No.5386/DEL/2026
(Assessment Year : 2018-19)**

PSS Solutions Pvt. Ltd.,
C-58, T/F Near Petrol Pump,
Preet Vihar,
Delhi – 110 092.

vs.

Assessment Unit,
DEL-W-(44)(3).

(PAN: AADCP5495J)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Salil Kapoor, Advocate
Ms. Ananya Kapoor, Advocate
Shri Shivam Yadav, Advocate
Ms. Aditri Taneja, Advocate
REVENUE BY : Shri Manoj Kumar, Sr. DR

Date of Hearing : 14.07.2026
Date of Order : 18.09.2026

ORDER

1. This appeal is filed by the assessee against the order of Id. Commissioner of Income-tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi [“Ld. CIT(A)”, for short] dated 09.12.2025 for the Assessment Year 2018-19.
2. At the time of filing of appeal, the Registry has pointed out a defect that appeal is time barred by 74 days. In response thereof, the Assessee has filed an application seeking condonation of delay in filing of the appeal on the

ground that the delay was neither intentional nor due to negligence but occurred due to sufficient cause i.e. :

- (i) The assessee never received a physical copy of the order under section 250 at the registered postal address;
- (ii) Furthermore, no notification regarding the passing of the order was received via registered email or SMS alert;
- (iii) The assessee only became aware of the existence of the said order on 12.05.2026 when one of the Directors of the company checked the e-filing portal for checking the status of the appeal.

3. He further submitted that, immediately upon gaining knowledge of the order, the assessee took steps to obtain a copy and consult with the counsel, leading to the filing of this appeal on 13.05.2026. he submitted that the affidavit of the Director of the assessee company is also placed on record. Accordingly, he pleaded to condone the delay in filing the present appeal.

4. We have heard both the counsels on the issue of condonation of delay. In our considered opinion, there was a reasonable cause for the delay in filing the appeal. Therefore, we condone the delay in filing the appeal before the Tribunal.

5. At the time of hearing, ld. AR for the assessee submitted that assessee has filed additional ground of appeal under Rule 11 of the Income Tax (Appellate Tribunal) Rules and it is purely legal issue and the same is reproduced below:-

“1. That the notice issued under section 148 dated 26.03.2022 and the order passed under section 148A(d) and the reassessment order dated 27.03.2023 are illegal, bad in law, without jurisdiction and barred by time limitation. The same are liable to be quashed.

2. That the notice issued under section 148, the additions made and the reassessment order are illegal, bad in law and barred by time limitation. The same are liable to be quashed.”

6. Since the above grounds of appeal are purely legal, do not require fresh facts to be investigated and go to the root of the matter, ld. AR of the assessee prayed that the same may be admitted in view of the judgement of NTPC Ltd. vs. CIT, (1998) 229 ITR 0383 (SC).
7. On the other hand, ld. DR for the Revenue has no objection of admitting the additional ground of appeal being purely legal issue.
8. In view of the reliance made by the ld. AR for the assessee on the judgment of Hon’ble Supreme Court in the case of NTPC Ltd. (supra) and issue being purely legal, we proceeded to admit the additional ground of appeal being a legal issue.

9. Brief facts are, assessee filed its original return of income on 14.09.2018 declaring total income of Rs.Nil and declared loss of Rs.16,20,383/-. Based on the information received through Insight Portal that assessee has earned income of Rs.35,03,784/- and accordingly, the case was reopened by issue of notice under section 148 of the Income-tax Act, 1961 (for short 'the Act') after completing the proceedings u/s 148A of the Act. Accordingly, notice u/s 148 was issued to reopen the assessment. In response, the assessee has filed its return of income and subsequently, notices u/s 142(1) were issued and served on the assessee.
10. The Assessing Officer observed that as per the information received from CC-29, New Delhi, a search operation was conducted on Shri Sushil Goel and other group entities on 31.01.2020. During the above proceedings, it was noticed that Sushil Goel and family are involved in the business of sale and purchase of foreign currency and operating in hawala operating networks in domestic as well as international level. Based on the digital data seized by the Investigation Wing, various evidence were found from the digital devices of Paras Goel as per which assessee is involved in trading in Equity Markets as well as Derivatives Market. Based on the above information, it was noticed that assessee has made initial investment of Rs.1

crore. He further observed that the profit earned by the assessee by investing the fund in equity and featuring the profits earned through equity and derivative market for the period 27.04.2017 to 21.06.2017 was Rs.19,09,107/- and for the period from 22.06.2017 to 18.07.2017 was Rs.14,94,677/-. When the assessee was called upon to explain the above transaction, it was submitted that the assessee was carrying business of security trading and the source of income was security trading during FY 2017-18. Assessee also submitted bank details and banks statement, details of long-term borrowings and short term borrowings and expenses claimed during the year. The assessee also submitted details of investment of Rs.1,14,39,888/- and stated that the amount is the closing balance of SMC Global Securities Limited with whom security is done and it was also accepted that it has done trading in F&O/Securities/Commodity with SMC Global Private Ltd. Further, the Assessing Officer observed that the assessee filed return of income declaring loss of Rs.16,20,383/- and on perusal of the same, it was noticed that it is not e-verified. Therefore, he treated the above return of income as invalid. Further, the Assessing Officer observed the digital data retrieved from Paras Goel and noticed that assessee has carried on transactions in equity and derivatives retrieved market and

earned profit of Rs.34,03,784/-. Since assessee has not brought these transactions on record, he proceeded to make the addition u/s 69A of the Act.

11. Aggrieved with the above order, assessee preferred an appeal before the NFAC, Delhi and two notices of hearing were issued by the Id. CIT (A) but due to noncompliance, the appeal of the assessee was dismissed and sustained the additions made by the Assessing Officer.
12. Aggrieved with the above order, assessee is in appeal before us.
13. At the time of hearing, Id. AR of the assessee specifically argued on the additional ground, as reproduced above. He submitted that the Assessing Officer cannot initiate reassessment proceedings on the basis of vague and cryptic information. In this regard, he submitted that the notice under Section 148A(b) of the Tax Act dated 14.03.2022, at the very outset, records that income to the tune of at least Rs. 34,03,784/- had escaped assessment, on the ground that the assessee was found to be involved in investments in funds and equities. Thereafter, the notice sets out the reasons for escapement of income, which state that on the basis of digital data seized by the Investigation Wing during the search and seizure operation conducted on the Sushil Goel Group on 30.01.2020, the Assessee was found to be involved in

equity on futures, with total investments shown during the investigation amounting to Rs. 1 Crore. He further submitted that this clearly shows two contradictory amounts within the notice itself and the Assessing Officer ("AO") has failed to disclose the exact workings or basis on which either of these figures arrived at. He submitted that in such circumstances, it is apparent that the AO has initiated reassessment without any clear or consistent basis for alleged escapement of income, thus this contradiction goes into the very root of the matter, rendering the reassessment proceedings bad in law.

14. He further submitted that on the bare perusal of Section 148A of the Act, it is clear that before issuance of notice under section 148 of the Act, the AO should conduct an inquiry under section 148A of the Act, consider the reply of the Assessee and thereafter decide on the basis of the material available on record and the reply of the Assessee whether it is a fit case for issuance of notice under section 148 of the Act. In the present case, the impugned reassessment proceedings have been initiated on complete non application of mind by the AO inasmuch as the information on the basis of which the case has been reopened is vague, cryptic and arbitrary. The AO has relied on vague, and factually incorrect information and made no effort to correlate

such information with the books of accounts of the assessee, where the transaction reportedly escaping assessment was duly recorded. The AO has not made any effort to reconcile the notice under section 148A(b) being highly cryptic and vague cannot survive.

15. He further submitted that the assessment order has been passed in complete violation of the Act and the Principles of Natural Justice, as the excel sheet forming the basis of information of alleged escapement of income was never provided. In this regard, he submitted that the assessee, in its reply to the aforesaid notice under section 148A(b) of the Act dated 14.03.2022 clearly stated that there is no transaction of Rs.34,03,784/- in the records and also of Rs.1 crore in the books of accounts. He submitted that the Assessee further requested the AO to provide more specific information. The AO, however, in complete non-consideration of the reply furnished by the Assessee, proceeded to pass an order under section 148A(d) of the Act and issue consequent notice under section 148 of the Act and the same is based on completely vague and cryptic information, allegedly relying on an excel sheet retrieved during the course of the search and seizure action or the post-search proceedings. The alleged existence of this excel sheet was revealed to the assessee for the first time only in the order passed under Section 148A(d)

of the Act dated 26.03.2022, that is, at a subsequent stage, thereby resulting in a complete violation of the rights of the assessee.

16. He further submitted that despite a specific request by the assessee for the provision of more specific information and details in respect of the income allegedly escaping assessment, the AO has not provided any such excel sheet, which records either the initial investment of Rs.1 Crore or any transaction(s) amounting to Rs.34,03,784/-. He submitted that this is a clear violation of the entire scheme of Section 148A of the Act, inasmuch as the very basis of the information or material on which the reassessment proceedings were initiated by the AO was never provided to the assessee.
17. He further submitted that the AO has grossly erred in law and on facts by invoking section 69A of the Act. In this regard, he submitted that further, addition in the present case is made by the AO on the basis of alleged entry in an excel sheet retrieved during search or during course of search and seizure action and post search proceedings. It is trite law that addition under section 69A of the Act can only be made in any assessment year if the assessee is found to be the owner of any money, bullion, jewelry or other valuable article and such article is not recorded in the books of accounts of the assessee. In the instant case, the criteria for invoking Section 69A of the

Act is not met, since the assessee is not found to be the owner of any money, bullion, jewelry or valuable article. Reliance in this regard is placed on Sanjay Wahi v. ACIT , ITA No. 2198/Del12024 and relevant paragraph is reproduced below:

"8.5.[. . .] As per section 69A, in any financial year, the assessee found to be owner of any bullion, money or jewellery or any other valuable article and such articles is not recorded in the books of account if any maintained by the assessee for any source of income and it does not offer any explanation to the satisfaction of the AO, the money and value of such article may be deemed to be the income 'of the assessee. It is fact on record that Revenue has not found any money or bullion or jewellery in the possession of the assessee. Therefore, in the absence of any unexplained money or article" the provisions of section 69A cannot be invoked. In the given case, what is found is certain documents which contained certain details of property and details of commission, therefore, applying the provisions of section 69A in the case of assessee is not proper and bad in law....."

18. Further, ld. AR relied on the following decisions:

- DCIT v. Yograj Arora, ITA No. 2440/Del12022
- DCIT v. Udit Jain ITA No. 5741/Del/2025
- Sandeep Kapoor v. DCIT ITA No. 5647 & 5648/Del1/2025
- Ved Prakash Chanana v ACIT ITA No. 4643/Del12024

19. On the other hand, ld. DR of the Revenue relied on the orders of lower authorities.

20. Considered the rival submissions and material placed on record. I observed that the addition was made by the AO on the basis of excel sheet retrieved during the search and the addition was made u/s 69A of the Act. It is fact on record that there was no cash found and only the addition was made only on the basis of entries found in the excel sheet. Therefore, when the AO had not found any money or bullion in the possession of the assessee, the provisions of section 69A cannot be invoked, as held in the case of Sanjay Wahi (supra). Since the facts in the present case are exactly similar, we are inclined to delete the additions made by invoking the provisions of section 69A in the present case. In the result, ground no.3 raised by the assessee is allowed.
21. The other grounds and additional grounds raised by the assessee are not adjudicated and the same are kept open.
22. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on this 18th day of September, 2026.

Sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Dated : 18.09.2026
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Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT, NEW DELHI