Principal Commissioner of Income Tax-32 v. Sanjay Dhokad

Income Tax Appeal 795/2018

No neutral citation stated in supplied judgment | 2023-01-09

Revenue appeal dismissed: concurrent findings supporting purchases disclose no substantial question of law.

Income-tax Act,1961: sections 69C, 260A

High Court of Bombay | 2-judge bench (Division Bench) | Dhiraj Singh Thakur | Valmiki Sa Menezes

Assessment years: 2010-11

01 FACTS OF THE CASE

Revenue challenged deletion of Rs.4,99,27,664 under section 69C from civil contractor Sanjay Dhokad's AY 2010-11 income. The AO relied on 21 suppliers listed as suspicious by the Sales Tax Department, non-responses and enquiries. CIT(A) and ITAT accepted the documentary transactions and payments. The assessment date is repeatedly 25 February 2013; paragraph 6 alone prints 2003.

Source: PDF pp.2–5, paragraphs 2–7

02 DISCUSSION BY THE HON'BLE COURT

The appellate findings included accepted books and profits, payments credited to suppliers through account-payee cheques, and documentary evidence not discredited by the AO. The third-party statements were not furnished for rebuttal or cross-examination. The High Court required section 69C satisfaction to rest on the assessee's material rather than unproved statements not put to him.

Source: PDF pp.8–12, paragraphs 11–15

03 JUDICIAL DECISION

The Court upheld application of Nikunj Eximp and distinguished NRA Iron and Steel on its investigation and evidential facts. The concurrent finding was that Dhokad had satisfactorily discharged the initial burden of proving the transactions' genuineness.

Source: PDF pp.12–15, paragraphs 16–18

04 OUTCOME / IN WHOSE FAVOUR

No proposed substantial question of law arose. Revenue's section 260A appeal was dismissed without costs, leaving deletion of the Rs.4,99,27,664 addition intact. No percentage substitution or penalty adjudication was ordered.

Source: PDF p.15, paragraphs 18–19

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Banking evidence was part of a larger record: The result rests on accepted accounts and business results, supplier details and realised payments, together with the AO's failure to discredit that evidence. It does not establish that payment by cheque alone proves every disputed purchase; the concurrent factual findings are central. (PDF pp.8–11, paragraphs 11–13)

External intelligence must be tested against the transaction: A suspicious-dealer listing can prompt inquiry, but the Court did not accept it as sufficient proof of these purchases being bogus. The absence of supplied statements and an opportunity to meet them mattered alongside the documentary evidence; the ruling is not a prohibition on using properly tested third-party material. (PDF pp.10–12, paragraphs 13–15)

Distinguish the authority by its evidence: NRA Iron and Steel was distinguished because detailed investigation and an opportunity to meet adverse evidence were material there. The source itself mentions section 69C on page 12 and section 68 on page 13 in describing that precedent; that inconsistency should not become a new rule equating the two provisions. (PDF pp.12–13, paragraph 16)

The appeal's limits matter: The Court found no substantial question arising from the concurrent findings and sustained deletion in full. It did not prescribe a universal profit percentage for disputed purchases. Defence supplies and Rs.1.33 crore discussed in the quoted Nikunj passage are facts of that precedent, not Dhokad's transactions. (PDF pp.14–15, paragraphs 17–19)

Source: PDF pp.8–11, paragraphs 11–13

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 15-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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