Pr. Commissioner of Income Tax-10 v. M/s. Rajat Finvest

ITA 13/2023 with ITA 14/2023 & ITA 15/2023

2023/DHC/000461; ITA 13/2023, 14/2023 and 15/2023 | 2023-01-12

Concurrent findings rejecting alleged bogus capital gains stood: the claimed fund-flow connection lacked supporting evidence.

Income-tax Act,1961: sections 68, 133A, 147, 148

High Court of Delhi | 2-judge bench (Division Bench) | Justice Rajiv Shakdher | Justice Tara Vitasta Ganju

Assessment years: 2008-09, 2009-10, 2010-11

01 FACTS OF THE CASE

Three Revenue appeals concerned Rajat Finvest's gains on REI group shares for AYs 2008-09 to 2010-11. Following a survey and reopening, the AO treated the transactions as sham, relying on statements and an alleged fund-flow chain through six Gujarat companies.

Source: PDF pp.2–4

02 DISCUSSION BY THE HON'BLE COURT

The Tribunal examined the statements, trading and investment records, broker documents and exchange transactions. It found no material connecting the assessee to alleged collusion or price rigging. Earlier purchases and trading profits had been accepted.

Source: PDF pp.5–8

03 JUDICIAL DECISION

The Court held that attributing REI's loans to the assessee's unaccounted income rested on conjecture without supporting material. The concurrent factual findings were not challenged as perverse in the proposed questions.

Source: PDF pp.8–9

04 OUTCOME / IN WHOSE FAVOUR

ITA 13/2023, 14/2023 and 15/2023 were dismissed with no substantial question of law. They concern AYs 2010-11, 2009-10 and 2008-09 respectively. Refiling delay was condoned.

Source: PDF pp.2, 9

05 EXPERT COMMENTS

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

A fund-flow theory needs a proved connection: The investigation's chart described loans and share purchases, but the crucial inference that the funds represented this assessee's unaccounted money remained unsupported. A defensible analysis must identify evidence connecting each step to the taxpayer, rather than treating losses suffered by purchasers or common business contacts as proof of collusion. (PDF pp.4–8)

The complete transaction record mattered: The Court considered accepted earlier trading, conversion of stock into investments, exchange pricing, securities transaction tax and bank receipts together. Those features supported the factual conclusion on this record. The decision should not be turned into an automatic immunity for every exchange-traded transaction merely because it carries contract notes or passes through a bank. (PDF pp.5–9)

Appellate scope and distinct years remain visible: Both appellate authorities had made factual findings, and Revenue's proposed questions did not allege perversity. That posture explains the refusal to interfere. The common judgment retains three separate dockets and assessment years; it neither merges their identities nor creates a general prohibition on examining unexplained credits arising in other share-transaction cases. (PDF pp.2, 8–9)

Source: PDF pp.4–8

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 9-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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