Commissioner of Income Tax, Jalandhar v. Rakesh Kumar

ITR 96/1999

ITR 96/1999 | 2007-02-08

Jewellery ownership explanation upheld

High Court of Punjab and Haryana | Chandigarh | M.M. Kumar | Rajesh Bindal

Assessment years: 1986-87

01 FACTS OF THE CASE

The reference concerned deletion of an unexplained-jewellery addition for AY 1986-87. Jewellery was found in a locker of Rakesh Kumar and his wife despite his earlier denial of a locker. He explained that it belonged to Nagina Devi and Shobha Jain, who asserted ownership by affidavits and had disclosed the jewellery in wealth-tax assessments for 1981-82 through 1985-86.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The Court accepted the Tribunal's evaluation of the ownership evidence. Presence in the assessee's locker and his denial were insufficient, on this record, to displace the ladies' assertions and prior assessments. It also noted that deletion of the section 271(1)(c) penalty had attained finality without an apparent Revenue appeal.

Source: PDF pp.2–4

03 JUDICIAL DECISION

The referred question was answered against Revenue and in favour of the assessee. The Tribunal's deletion of the addition was left intact and the reference disposed of.

Source: PDF p.4

04 OUTCOME / IN WHOSE FAVOUR

Assessee-favourable answer on the accepted ownership explanation. The referred question and quoted Tribunal result give Rs.1,18,650, while the background gives Rs.1,85,650; that source discrepancy is not silently reconciled into a different quantified result.

Source: PDF pp.1–4

05 EXPERT COMMENTS

Custody and ownership require separate factual examination — The locker location was relevant, but the record also contained affirmative ownership claims and prior wealth-tax treatment in the two ladies' hands. The conclusion is therefore about the relative strength of these facts, not a proposition that possession of jewellery can never support an inference of ownership. Matching the items to earlier disclosures is central to applying the reasoning.

An inaccurate denial did not erase corroborated third-party ownership — The Tribunal regarded the denial as negative evidence insufficient to outweigh the accepted explanation. That does not endorse false replies or make them immaterial in every search. It shows why the factfinder assessed the entire record, including the empty lockers of the ladies and their affidavits, rather than treating the denial as conclusive proof of beneficial ownership.

Keep reference relief and numerical uncertainty distinct — The High Court answered a defined question and did not undertake a fresh valuation. The two amounts printed in the source differ. Reporting the referred amount with that discrepancy is safer than assigning a refund or reconciling the arithmetic without the underlying assessment. The unappealed penalty deletion was an additional recorded circumstance, not a general rule controlling every quantum appeal.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Punjab and Haryana High Court order; verified source copy

Complete source PDF reviewed: 4 physical pages.

All 4 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Sections and disposition are recorded only to the extent stated in this source order.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not 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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