

Principal Commissioner of Income Tax (Central), Kanpur v. Rajan Rajesh Kumar

Income Tax Appeal No. 12 of 2024

2025:UHC:11294-DB | Income Tax Appeal No. 12 of 2024 | 2025-12-17

Reassessment under sections 147, 148, 149 and 151 based on uncorroborated third-party loose sheets ('LP 186 & 187' seized from contractor Amit Sharma) after initial refusal of sanction under section 151: ITAT order quashing assessments for AYs 2015-16 and 2016-17 affirmed.

Income-tax Act, 1961: sections 132, 133A, 147, 148, 149, 151 and 260A | Indian Evidence Act, 1872: section 34

High Court of Uttarakhand | 2-judge bench (Division Bench) | G. Narendar, C.J. | Subhash Upadhyay, J.

Assessment years: 2015-16, 2016-17

Detailed 36-page Division Bench judgment on uncorroborated third-party loose sheets and repeat section 151 sanction requests

Highlights two fatal defects in the reopening for AYs 2015-16 and 2016-17: (i) the Competent Authority under section 151 had initially refused sanction on 18.03.2020 because 'LP 186 & 187' were uncorroborated, after which reasons were re-recorded beyond four years on 23.06.2020; and (ii) no nexus existed between the searched UPRNN sub-contractor and the assessee (MD of SIDCUL).

01 FACTS OF THE CASE

During search/survey operations under sections 132 and 133A against Amit Sharma (a sub-contractor of UPRNN), two loose sheets ('LP 186 & 187') headed 'Sri Rajesh MD' were found alleging bullion, silver and cash transactions of around Rs. 16 crore. The AO sought to reopen the assessments of the respondent (then Managing Director of SIDCUL, a separate State corporation) for AYs 2015-16 and 2016-17. On 18.03.2020, the Competent Authority under section 151 refused sanction because the AO's reasons lacked independent corroboration of LP 186 & 187. Thereafter, on 23.06.2020 (after expiry of four years), the JCIT(OSD) recorded fresh reasons and obtained sanction from the PCIT, Kanpur. The ITAT allowed the assessee's appeals on 08.02.2024.

Source: [Paragraphs 1-10; PDF pp. 1-4](#)

02 DISCUSSION BY THE HON'BLE COURT

Applying CBI v. V. C. Shukla ((1998) 3 SCC 410) and Common Cause (Sahara Diaries) v. Union of India ([2017] 77 taxmann.com 245 (SC)), and noting that SIDCUL and UPRNN are distinct corporations with separate chains of command and no material established any proximity between the searched sub-contractor and the respondent, the Division Bench held that the presumption drawn by the AO from uncorroborated third-party loose sheets after an earlier refusal of sanction under section 151 vitiated the 'reason to believe' required for reopening.

Source: [Paragraphs 11-64; PDF pp. 4-36](#)

03 JUDICIAL DECISION

Answering the question of law against the Revenue and in favour of the respondent assessee, the High Court dismissed Income Tax Appeal No. 12 of 2024 without admission.

Source: [Paragraphs 64-65; PDF p. 36](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee - Question answered against the Revenue and in favour of the assessee; Revenue's appeal dismissed without admission.

Source: [Paragraphs 64-65; PDF p. 36](#)

05 AKHB REVIEW POINT

AKHB analysis: where the competent authority under section 151 refuses sanction on the ground that third-party loose sheets lack independent corroboration, a subsequent officer cannot cure that defect after expiry of the four-year window merely by re-submitting the same uncorroborated loose-sheet allegations to a higher authority.

Source: [Paragraphs 11-64; PDF pp. 4-36](#)

SOURCE & VERIFICATION

[High Court of Uttarakhand official judgment PDF - AKHB Cloud Repository \(20251217_UKHC010115722024.pdf\)](#)

36-page official High Court of Uttarakhand judgment PDF (20251217_UKHC010115722024.pdf).

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STATUTORY SCOPE

Applies sections 132, 147, 148, 149 and 151 of the Income-tax Act, 1961 for AYs 2015-16 and 2016-17. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-18. Full primary judgment PDF read page-by-page and verified against the AKHB Google Drive repository. Comprehensive subsequent judicial treatment has not been independently verified.

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