



HIGH COURT OF JUDICATURE AT ALLAHABAD

APPLICATION U/S 528 BNSS No. - 5276 of 2026

Nikhil Mittal

.....Applicant(s)

Versus

State of U.P. and Another

.....Opposite
Party(s)

Counsel for Applicant(s) : Ram Adhar Yadav, Satendra Kumar
Counsel for Opposite Party(s) : G.A.

Court No. - 77

HON'BLE PRAVEEN KUMAR GIRI, J.

1. Heard Shri Satendra Kumar, learned counsel for the applicant.
2. Learned counsel for the applicant submits that he has filed the instant application under Section 528 BNSS with the relief which has been mentioned in the prayer clause of the application.
3. The relief which has been mentioned in the application is delineated below:-

"It is therefore, most respectfully prayed that this Hon'ble Court may kindly be pleased to quash the charge-sheet dated 4-8-2025, cognizance dated 7-10-2025 and entire proceeding, pending in the Court of Learned chief Judicial Magistrate Saharanpur, State V/s Nikhil Mittal, in case No. 10941 of 2025 case crime No.267 of 2024, Under Section 420, 467, 468,471,506, IPC Police Station- Sadar Bazar District- Saharanpur, so for as applicant is concerned, in the interest of justice."

4. Learned counsel for the applicant submits that Section 269ST of the Income Tax Act, 1961 prohibits any person from receiving Rs.2,00,000/- or more in cash from a single person in a day or in a single transaction or in respect of one event or occasion. The provisions of Section 269ST of the Income Tax Act are delineated below:

"269ST. Mode of undertaking transactions.—No person shall receive an amount of two lakh rupees or more,—

(a) in aggregate from a person in a day; or

(b) in respect of a single transaction; or

(c) in respect of transactions relating to one event or occasion from a person,

otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a [bank account or through such other electronic mode as may be prescribed]:

Provided that the provisions of this section shall not apply to—

(i) any receipt by—

(a) Government;

(b) any banking company, post office savings bank or co-operative bank;

(ii) transactions of the nature referred to in section 269SS;

(iii) such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify."

5. Learned counsel for the applicant further submits that where more than Rs.2,00,000/- is paid in cash in a registered deed, the Sub-Registrar shall inform the Income-tax Department. He places reliance upon the judgment of the Hon'ble Supreme Court in **the Correspondence, RBANMS Educational Institution vs. B. Gunashekar and Another, 2025 INSC 490**, wherein it has been held that the court/authority shall inform the Income-tax Department if any cash payment of Rs.2,00,000/- or more is involved. The relevant paragraph No. 18.1 is delineated below for ready reference:

"18.1. Further, through the averments made in the plaint and in the agreement, the respondents/plaintiffs have claimed to have paid huge sum towards consideration by cash. It is pertinent to recall that Section 269ST of the Income Tax Act, was introduced to curb black money by digitalising the transactions above Rs.2,00,000/- and contemplating equal

amount of penalty under Section 271DA of the Act. As per the said provisions, action is to be taken on the recipient. However, there is also an onus on the plaintiffs to disclose their source for such huge cash. The Central Government thought it fit to cap the cash transactions and move forwards towards digital economy to curb the dark economy which has a drastic effect on the economy of the country. It will be useful to refer to the Budget Speech during the introduction of the Finance Bill, 2017 and the extract of the memo presented with the Finance Bill, 2017, which lay down the object:

Budget Speech:

"VII. DIGITAL ECONOMY

111. Promotion of a digital economy is an integral part of Government's strategy to clean the system and weed out corruption and black money. It has a transformative impact in terms of greater formalisation of the economy and mainstreaming of financial savings into the banking system. This, in turn, is expected to energise private investment in the country through lower cost of credit. India is now on the cusp of a massive digital revolution.

Promoting Digital Economy

162. The Special Investigation Team (SIT) set up by the Government for black money has suggested that no transaction above Rs.3 lakh should be permitted in cash. The Government has decided to accept this proposal. Suitable amendment to the Income-tax Act is proposed in the Finance Bill for enforcing this decision."

Extract from Memo of Finance Bill, 2017

"Restriction on cash transactions

In India, the quantum of domestic black money is huge which adversely affects the revenue of the Government creating a source crunch for its various welfare programmes. Black money is generally transacted in cash and large amount of unaccounted wealth is stored and used in form of cash.

In order to achieve the mission of the Government to move towards a less cash economy to reduce generation and circulation of black money, it is proposed to insert section 269ST in the Act to provide that no person shall receive an amount of three lakh rupees or more,—

(a) in aggregate from a person in a day;

(b) in respect of a single transaction; or

(c) in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account.

It is further proposed to provide that the said restriction shall not apply to Government, any banking company, post office, savings bank or co-operative bank. Further, it is proposed that such other persons or class of persons or receipts may be notified by the Central Government, for reasons to be recorded in writing, on whom the proposed restriction on cash transactions shall not apply. Transactions of the nature referred to in section 269SS are proposed to be excluded from the scope of the said section.

It is also proposed to insert new section 271DA in the Act to provide for levy of penalty on a person who receives a sum in contravention of the provisions of the proposed section 269ST. The penalty is proposed to be a sum equal to the amount of such receipt. The said penalty shall however not be levied if the person proves that there were good and sufficient reasons for such contravention. It is also proposed that any such penalty shall be levied by the Joint Commissioner. It is also proposed to consequentially amend the provisions of section 206C to omit the provision relating to tax collection at source at the rate of one per cent. of sale consideration on cash sale of jewellery exceeding five lakh rupees.

These amendments will take effect from 1st April 2017."

However, when the Bill was passed, the permissible limit was capped under Rupees Two Lakhs, instead of the proposed Rupees Three Lakhs. When a suit is filed claiming Rs.75,00,000/- paid by cash, not only does it create a suspicion on the transaction, but also displays, a violation of

law. Though the amendment has come into effect from 01.04.2017, we find from the present litigation that the same has not brought the desired change. When there is a law in place, the same has to be enforced. Most times, such transactions go unnoticed or not brought to the knowledge of the income tax authorities. It is settled position that ignorance in fact is excusable but not the ignorance in law. Therefore, we deem it necessary to issue the following directions:

(A) Whenever, a suit is filed with a claim that Rs. 2,00,000/- and above is paid by cash towards any transaction, the courts must intimate the same to the jurisdictional Income Tax Department to verify the transaction and the violation of Section 269ST of the Income Tax Act, if any,

(B) Whenever, any such information is received either from the court or otherwise, the Jurisdictional Income Tax authority shall take appropriate steps by following the due process in law,

(C) Whenever, a sum of Rs. 2,00,000/- and above is claimed to be paid by cash towards consideration for conveyance of any immovable property in a document presented for registration, the jurisdictional Sub-Registrar shall intimate the same to the jurisdictional Income Tax Authority who shall follow the due process in law before taking any action,

(D) Whenever, it comes to the knowledge of any Income Tax Authority that a sum of Rs. 2,00,000/- or above has been paid by way of consideration in any transaction relating to any immovable property from any other source or during the course of search or assessment proceedings, the failure of the registering authority shall be brought to the knowledge of the Chief Secretary of the State/UT for initiating appropriate disciplinary action against such officer who failed to intimate the transactions.

(emphasis supplied)"

6. Learned counsel for the applicant further submits that before lodging the F.I.R., the aforesaid process should be completed and, in the present case, an amount of more than Rs.20,00,000/- is alleged to have been given

in cash to the applicant.

7. Per contra, learned A.G.A. submits that he may be permitted to obtain instructions from the concerned police station.

8. Issue notice to opposite party No.2 for filing counter affidavit.

9. List this case **as fresh on 10.03.2026.**

10. In the meantime, opposite party No.2 shall file counter affidavit and Learned A.G.A. shall obtain instructions.

(Praveen Kumar Giri,J.)

February 23, 2026

K.Tiwari

