

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH “C”, NEW DELHI**

**BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI RAJ KUMAR CHAUHAN, JUDICIAL MEMBER**

**ITA No.2550/DEL/2026
(Assessment Year : 2019-20)**

Vakil Ahmed,
281, Gagan Vihar,
New Delhi – 110 051.

vs.

ITO, Ward 59 (3),
Delhi.

(PAN: AAEP A5478N)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri S. Krishnan, Advocate
Ms. Sanya Khurana, Advocate
REVENUE BY : Shri Raghubir Singh, Sr. DR

Date of Hearing : 16.07.2026
Date of Order : 29.09.2026

ORDER

PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :

1. This appeal is filed by the assessee against the order of Id. Commissioner of Income-tax (Appeals) National Faceless Appeal Centre (NFAC), Delhi [“Ld. CIT(A)”, for short] dated 10.02.2026 for the AY 2019-20.
2. Brief facts of the case are, the assessee filed his return of income for the Assessment Year 2019-20 on 08.07.2019, declaring an income of Rs.10,45,480/-. As per the information available with the Assessing Officer,

there was search operation conducted by the National Investigation Agency (NIA) and during the search, they found cash of Rs.21 lakhs and gold jewelry worth of Rs.1.56 crores (3.9 kgs.), seized from the premises of the assessee. Based on the above information, AO observed that the assessee has admitted in the return of income of Rs.10,45,480/-, which did not commensurate with the amount of cash and jewelry found by the NIA. Based on the above, JAO has provided an opportunity of being heard by issue of notice under section 148A (b) of the Income-tax Act, 1961 (for short 'the Act') dated 23.02.2023 to the assessee with the prior approval of the competent authority. Subsequently, an order under section 148A (d) of the Act was passed dated 24.03.2023, wherein the reasoning was recorded as under :-

“The return of income for the A.Y. 2019-20 was filed by the assessee on 08.7.2019 declaring income of Rs.10,45,480/-. Thereafter, specific information was flagged as per risk management strategy formulated by the CBDT through ITBA software under the head 'High risk CRIVRU cases'. As per the specific information, Sh. Vakil Ahmed (PAN: AAEP A5478N) has carried out following transactions during the financial year 2018-19, relevant to the assessment year 2019-20.

1. During the search conducted by National Investigation Agency, (NIA), the cash of Rs 21,00,000/- and gold worth Rs.1,56,00,000/- (3.9 kg jewellery) seized from the premise of the assessee.
2. On going through return of income filed by the assessee for A.Y 2019-20, it is noticed that the income declared by assessee in ITR is Rs.10,45,480/- which does not commensurate with the amount of labour transaction. During the search conducted by National investigation/Agency (NIA) the cash of Rs.21,00,000/- and gold worth Rs.1,56,90,000/- (9.9Kg jewellery) seized from the premise of the assessee for which no proper explanation offered by the assessee during

investigation proceedings Therefore it is established that the assessee has unexplained cash and unexplained gold jewellery and due tax has not been paid thereon.

3. As the information was self sufficient, an opportunity of being heard was provided to the assessee vide notice u/s 148A(b) of the Income-tax Act 1961 with DINITBA/AST/F/148A(SCN)/2022-23/1050053162 (1) dated 23.02.2023 along with the information relied upon. The said notice was dispatched through the registered e-mail D and also through registered speed post ED 167050465IN requiring the assessee to furnish the relevant details along with supporting documentary evidence with respect to the transaction as cited above to this office by 03.03.2023. The notice was duly served upon the assessee. Vide the said notice, the assessee was asked as to why notice u/s 148 should not be issued on the basis of information which suggest that income chargeable to tax has escaped the assessment in the case for the assessment year 2019-20.

4. In response to the above notice, the assessee filed his response online on 02.03.2023. The reply of the assessee has been duly considered but not found acceptable on the reasons given below :-

(i) The assessee has claimed that the source of cash of Rs.21,00,000/- found during the search operation by National Investigation Agency is the withdrawal made by him and his family members (his wife and his married daughters and son). However, on perusal of details submitted by him, it is seen that cash withdrawals were made by him and his family over a period of 4 to 6 months from July 2018 to Jan 2019 (Upto date of search by NIA on 23.01.2019) on money basis mostly between the range of Rs.50,000/- to Rs.1,00,000/- which seems normal for household expenses keeping in view of family status of assessee and cannot be accepted that the same cash was lying idle with him for any other purpose. Further, the assessee has failed to explain why he and his family members kept withdrawing small cash from banks on monthly basis and also why his married daughters kept those withdrawals with their parent's house.

(ii) The assessee has provided affidavit in support of 3.90.kg jewellery submitted earlier with investigation wing, during investigation proceedings some old photographs. However no bills or voucher and evidence of payment of purchase of jewellery were furnished by assessee even during the present proceedings. Further, no explanation furnished why his married daughters kept their jewellery with him. Therefore, the source of jewellery found during search of NIA is not found explained.

5. In view of above facts, the assessee has failed to explain the source of cash of Rs.21,00,000/- and gold worth Rs.1,56,00,000/- (3.9 kg jewellery) found from the premise of the assessee during the search conducted by National Investigation Agency, (NIA). Therefore, the said transactions remained unexplained and liable to be taxed under the provisions of the Income tax Act, 1961. Since, the source of the above said transactions has not been explained, the information available

suggests that income to the extent of Rs.1,77,00,000/- (21,00,000 + 1,56,00,000) has escaped assessment for the A.Y 2019-20.”

3. Subsequently, notice under section 148 was issued to the assessee dated 24.03.2023. Subsequently, the case was transferred under Faceless Scheme to the present AO. In response to the notice, the assessee filed its return of income on 01.06.2023, admitting the income declared in original return of income. Subsequently notices under section 143 (2) and 142 (1) were issued and served on the assessee. In response, the assessee filed reply dated 06.10.2023 along with a copy of letter addressed to the ITO Ward 59 (3), Delhi, certain photocopies of photos taken at the time of marriage function of his marriage and his daughters marriage, court order, affidavits from in-laws of daughters of assessee confirming the gifted jewelry at the time of their marriage. After considering the submissions of the assessee, AO observed that the assessee has failed to explain the source of cash of Rs.21 lakhs and gold worth of Rs.1.56 crores found from the premises of the assessee during the search operation of NIA and also a separate show-cause notice was issued under section 144 dated 13.12.2023, issued to the assessee to explain the proposed addition and variation. However, he observed that the assessee did not file any reply. The AO proceeded to sustain the variations observed by him based on the synopsis of all submissions made

by the assessee. Accordingly, the AO proceeded to make the variation on the jewelry found at the assessee's residence at the time of search as under :

Sl.No.	Particulars	Bm/Mg			Date of marriage
		Gift by assessee	Gifted by in laws	Total	
1	Mrs. Raixa Nishat	652.92	554.47	1207.39	10.02.1974
2	Mrs. Sheema Nishat	468.66	375.69	844.35	13.01.2001
3	Mrs. Ghazala Naxish	504.23	367.06	871.29	18.12.2004
4	Mrs. Afia Vakil	513.906	462.91	976.816	04.12.2005
		2139.716	1760.13	3899.846	

4. The AO rejected assessee's contention that gold ornaments were acquired by them by way of gifts from parents and in-laws and assessee has not brought any evidence to substantiate the above claim. Assessee also not uploaded any reasonable reasoning to keep the gold ornaments claimed to have belonged to the married daughters in his residence. Further, he observed that the assessee has not produced any bills/vouchers towards the purchase of jewelry. Moreover, the daughters, namely, Mrs. Sheema Nishat, Mrs. Ghazala Nazish and Smt. Afia Vakil, all of them are married and in such case, jewelry belonging to them would have to be placed in their respective houses. But, here the assessee, in his reply, stated that the assessee is not owner of the jewelry found, but the same is belong to his late wife and married daughters. Further, he observed that the assessee has provided affidavits from in-laws and daughters in support of his claim that jewelry

belong to his late wife and married daughters but failed to provide any supporting documents, such as, bills, payments and source of payments for purchase of jewelry to justify his statement. The AO, however, proceeded to give credit for holding jewelry to the extent of 1,600 grams out of the gold jewelry found, and accordingly he proceeded to make the addition of gold jewelry i.e. 2.3 kilograms, valued at Rs.92 lakhs, as unexplained investment under section 69 of the Act and brought to taxation.

5. With regard to cash found during the search, the AO observed that the assessee has submitted that it is due to cash withdrawals made by him and his family members during the financial year 2017-18. They have given the details to the extent of Rs.36.20 lakhs at the assessment proceedings. After perusal of the details submitted by the assessee, Assessing Officer observed that cash withdrawals were made by the assessee and his family over a period of 4 to 6 months from July 2018 to January 2019 on monthly basis, ranging from Rs.50,000 to Rs.1 lakh. Therefore, it cannot be considered as explanation that this is the same cash which is withdrawn from their account. Accordingly, he rejected the submissions of the assessee and proceeded to make the addition of Rs.21 lakhs as unexplained money under Section 69A of the Act.

6. Aggrieved with the above order, assessee preferred an appeal before the NFAC, Delhi and filed detailed submissions. After considering the detailed submissions, learned CIT(A) sustained the additions made by the AO.
7. Aggrieved with the above order, assessee is in appeal before us raising following grounds of appeal :-

“1. On the facts and in the circumstances of the case and in law, National Faceless Appeal Centre ('NFAC') erred in holding that assessment order u/s.144 had been validly passed.

2. On the facts and in the circumstances of the case and in law, National Faceless Appeal Centre ('NFAC') erred in confirming addition of Rs.92,00,000/- u/s.69A of the Act.

3. On the facts and in the circumstances of the case and in law, National Faceless Appeal Centre ('NFAC') erred in confirming addition of Rs.21,00,000/-u/s.69A of the Act.”

8. Ground No.1 is not pressed, hence the same is not adjudicated.
9. At the time of hearing, learned AR of the assessee submitted as under:-

“GROUND 2 - JEWELLERY - Rs.92,00,000/- u/s.69-A.

2. At the outset, it merits to be pointed out that this is not a case of jewellery found during search by the Income-tax department. In notice u/s.148-A dated 23.02.2023 (PB-01 @ 02), the AO has admitted that jewellery was found and seized by another agency - NIA. This means, there was no valuation of the jewellery by way of grammage, carats, stones, etc. The jewellery was seized on 23.01.2019 (PB-05, PB-105). It was returned to the Assessee in compliance to order dated 14.01.2022 passed by Additional Sessions Judge - 03, New Delhi (PB-105 @ 106). The Income-tax department has never seen or examined the jewellery, nor got it valued. This specific contention has been taken by the Assessee vide letter dated 22.11.2023 (PB-05 @ 07, PB-70 @ 73), that weight of gold in the jewellery is not more than 50% of the quantity weighed, and has gone un rebutted. Therefore, the very premise of jewellery weighing 3.9 kilograms

being gold jewellery, as nursed by the AO (Page 7 of asst order) and confirmed by NFAC (Para 13) is without basis.

3. The Assessee has duly explained the jewellery as under:
 - a. The Assessee, has explained that the jewellery belonged to his late wife as well as his three married daughters, gifted on the occasions of their respective marriages by their own families as well as their in-laws, in the years 1974, 2001, 2004, & 2005 (PB-06). Affidavits of family members and in-laws have been filed in this regard (PB-16, 18, 20, 83, 86, 91, 94).
 - b. Photographs from wedding functions of the Assessee's daughters were filed, marking specific articles of jewellery (PB - 23 to 58), to show that the jewellery was of legacy ownership. Items were correlated with description of jewellery items in affidavits.
 - c. The Assessee has filed bank statements of his daughters' bank accounts with Andhra Bank, Preet Vihar, and tabulated regular withdrawals from the same (PB-I0 & 11), which shows that his married daughters were visiting their maiden home on a regular basis.
4. The Assessee has adverted to CBDT Circular No.1916 dated 11.05.1994, wherein a larger quantity of jewellery is permitted as exempted having regard to the status of the family, customs, community, etc.
5. NFAC has rejected the explanation on the following grounds, rebuttal of which is given alongside:

No.	FINDING	REMARKS
(a)	<u>Para 13</u> - Assessee has not furnished details of valuation carried out.	No valuation has in fact been carried out. The jewellery was simply weighed, seized, then returned.
(b)	<u>Para 14</u> - Jewellery owned by married daughters is kept in the marital home, not in the maiden home.	This is contrary to settled law on the issue. Married daughters keeping jewellery in the maiden home is customary.
(c)	<u>Para 14</u> - Affidavits are self-serving.	Affidavits were backed up by wedding photographs, correlating individual items.

6. The Assessee has shown himself to be a man of means and demonstrated that his family had offered income aggregating Rs.5,92,64,206/- for tax from AY 1995-96 to AY 2018-19 (PB-08). His status and the profile of the family merited to be reckoned in this regard.

7. Therefore, there is no basis for presumption that there was 3.9 kilos of gold jewellery in the present case - the onus was on the tax department to demonstrate this. Secondly, the Assessee has led even photographic evidence to show that the jewellery belonged largely to his late wife and to his married daughters. This explanation is backed up by details of the jewellery, as well as custom in Indian households for ladies to keep 'stridhan' in the maiden home. The addition has no basis, and merits to be deleted. So it is prayed."

10. Assessee also filed a detailed note on judicial precedents on allowability of jewelry and streedhan found during search as under:-

- (i) Shri Ramnath Gupta Bysani vs. JCIT (ITA No.1763/Bang/2025), Bangalore;
- (ii) Vinay Dugar vs. ACIT (ITA No.972/JPR/2025);
- (iii) Neeti Rastogi vs. ACIT, Central Circle, Meerut (ITA No.2696/Del/2016);
- (iv) Kirti Singh vs. ACIT (ITA No.1067/Del/2023);
- (v) Hon'ble Rajasthan High Court in the case of CIT, Alwar vs. Satya Narain Patni (D.B. ITA No.196/2010);
- (vi) Smt. Ritu Bajaj vs. DCIT (ITA No.4101/Del/2017);
- (vii) Shri Gyanendra Singh Shekhawat vs. ACIT (ITA No.49/JP/2022);
- (viii) Mudita Chaturvedi vs. ITO (ITA No.601/Del/2023);
- (ix) Anuj Sood vs. ACIT (ITA No.287/Del/2021);
- (x) Vibhu Aggarwal vs. DCIT (ITA No.1540/Del/2015);
- (xi) Prem Prakash Sethi vs. ACIT (ITA No.1741/Del/2021); and
- (xii) Suneela Soni vs. DCIT (ITA No.5259/Del/2017).

11. Further, with regard to addition of Rs.21,00,000/- made u/s 69A, the assessee submitted as under :-

“GROUND 3 - CASH - Rs.21,00,000/- u/s.69-A.

8. The Assessee has explained the source of cash by adverting to withdrawals of Rs.36,20,000/-- in the period 01.04.2018 to 23.01.2019 (date of search), - duly noted at pages 12 & 13 of the impugned order. NFAC has duly noted that total withdrawals from the family's bank accounts were in fact higher, at Rs.61,60,000/- (Page 14 of impugned order), but held per-contra that:

No.	FINDING	REMARKS
(a)	Para 19 - Assessee has not furnished copies of bank statement, to substantiate contention of cash withdrawal.	This finding is contrary to record. Vide upload dated 22.11.2023 (PB-99), the assessee had filed all bank statements before AO. These are PB-107 to 153, with all withdrawals duly highlighted.
(b)	Para 19 - Purpose of withdrawing cash was not explained.	Source of cash was required to be proved, neither AO nor NFAC had mandate to pose queries on how the Assessee's family chose to manage their affairs.
(c)	Para 14 – Married daughters withdrawing cash and keeping it with parents not logical.	Entire family had accounts with Andhra Bank, Preet Vihar branch, across the road from Gagan Vihar, the Assessee's residence. These accounts have all been operated by account holders. (PB 09, 10, 11)

9. Therefore, the Assessee had discharged his onus to explain source of the cash found on 23.01.2019. The addition merits to be deleted. So it is prayed.”

12. On the other hand, learned DR of the Revenue brought to our notice page 7 of the assessment order and brought to our notice findings of the AO, and he wondered how married daughters can keep their jewelry at the residence of the assessee. He also brought to our notice findings of the Id. CIT(A). He submitted that the findings of Id. CIT(A) are reasoned one which was passed after considering the detailed submissions of the assessee.
13. Considered rival submissions and material placed on record. We observed

that it is fact on record that the search was conducted by NIA, not by the Revenue, and the jewelry and cash found during the search was returned back to the assessee on the basis of court order. It is also fact on record that none of the search items were found went through the office of AO, and AO had proceeded to reopen the assessment on the basis of the above said information only. No doubt, he issued notice under section 148A of the Act and in response assessee has submitted all the relevant details before issue of notice under section 148 of the Act. From the record, we observed that the NIA has found 3.9 kgs. of jewelry at the residence of the assessee and the assessee has filed detailed submissions as per which the above said jewelries were belong to his late wife and his other three married daughters, which were kept at assessee's residence. Assessee has brought on record affidavits from in-laws of the married daughters confirming that the same was gifted during marriage, supported by well-documented photographs taken during the marriages. We observed that AO proceeded to make the addition only on the basis that the income declared by the assessee during the year is not commensurate with the cash and jewelry found during the search. We observed that assessee has declared income of Rs.10,45,480/- during the year and it is accepted fact that the jewelry found during the search cannot

be linked to the income declared by the assessee for the year under consideration. It can only be accumulation in the earlier investment in jewelry. It is also fact on record that the jewelry found by the NIA was not valued and it was only weighed at the time of search. The reason for rejection of the submissions of the assessee for the reason is that the jewelry belongs to the married daughters cannot be kept at the residence of the assessee, overlooking the fact that it is a part of customs to keep the jewelry of the married daughters at the maternal place and it is not prohibited in law to keep the jewelry of the related persons at the residence. In the given case, assessee has brought on record detailed evidences on record to claim the jewelries of married daughters were kept at the residence. The affidavits submitted by the assessee were all rejected for the reason that these are self-serving. After careful consideration of the factual matrix of record, we observed that assessee himself is man of means and declared huge taxable income from Assessment Years 1995-96 to 2018-19. The AO himself gave relief of 1.6 kgs. of gold. However, we noticed that the assessee's wife (late) and his three married daughters, alone are allowed to carry jewelry of 2 kilograms, i.e. 500 grams each, as per the CBDT circular and further considering the other male members, and considering the status of the

assessee along with his income declared over the years, it clearly indicates that assessee has means to acquire those jewelries over the years. Since the jewelry found by the NIA were not valued at the time of search or subsequently the addition made by the Assessing Officer is only on ad hoc basis, which is not permitted under the law. On the issue of streedhan and status of the assessee, we further find force from the following decisions :-

(i) Hon'ble Rajasthan High Court in the case of CIT, Alwar vs. Satya Narain Patni (D.B. Income Tax Appeal No.196/2010)

“2. It is true that the circular of the CBDT, referred to supra dt. 11/05/ 1994 only refers to the jewellery to the extent of 500 gms per married lady, 250 gms per unmarried lady and 100 gms per male member of the family, need not be seized and it does not speak about the questioning of the said jewellery from the person who has been found with possession of the said jeweller. However, the Board, looking to the Indian customs and traditions, has fairly expressed that jewellery to the said extent will not be seized and once the Board is also of the express opinion that the said jewellery cannot be seized, it should normally mean that any jewellery, found in possession of a married lady to the extent of 500 gms, 250 gms per unmarried lady and 100 gms per male member of the family will also not be questioned about its source and acquisition. We can take notice of the fact that at the time of wedding the daughter/ daughter in law receives gold ornaments jewellery and other goods not only from parental side but in-laws side as well at the time of ‘Vidai’ (farewell) or/and at the time when the daughter-in-law enters the house of her husband. We can also take notice of the fact that thereafter also, she continues to receive some small items by various other close friends and relatives of both the sides as well as on the auspicious occasion of birth of a child whether male or female and the CBDT, looking to such customs prevailing throughout India, in one way or the another, came out with this Circular and we accordingly are of the firm opinion that it should

also mean that to the extent of the aforesaid jewellery, found in possession of the various persons, even source cannot be questioned. It is certainly 'Stridhan' of the woman and normally no question at least to the said extent can be made. However, if the authorised officers or/and the Assessing Officers, find jewellery beyond the said weight, then certainly they can question the sure of acquisition of the jewellery and also in appropriate cases, if no proper explanation has been offered, can treat the jewellery beyond the said limit as unexplained investment of the person with whom the said jewellery has been found.

13. Admittedly, looking to the status of the family and the jewellery found in possession of four ladies, was held to be reasonable and therefore, the authorized officers, in the first instance, did not seize the said jewellery as the same being within the tolerable limit or the limits prescribed by the Board and thus, in our view; subsequent addition is also not justifiable the part of the Assessing Officer and rightly deleted by both the two appellate authorities namely CIT(A) as well as the Tribunal.

14. It can also be observed here that prior to 1992, when the exemption limit under the Wealth Tax Act was about Rs.1,00,000/- or Rs.1,50,000/-, then in most of the cases, returns were filed under the Wealth Tax Act because even in case of possession of 500 gms per lady and the other assets namely; capital, investments in firms/ shares, landed property etc. etc. being taxable return of wealth were invariably filed by the assesseees. However, by the Finance Act, 1992 w.e.f. 01/04/ 1993 drastic change was introduced under the Wealth Tax Act where only some assets u/s 2(a) came within the purview of the definition of an 'Asset' under the wealth tax and by and large, the other assets namely; liquid, capital investments in firms/ shares, one house property, commercial assets were exempt and even the limit of other assets was raised to 15 lacs (for the Assessment Year 1993-94 to 2009-10) and thereafter, by and large, even the assesseees, who were furnishing returns prior to 01/04/1992, in view of the drastic amendment made under the Wealth Tax Ad, chose not to file wealth tax return as there has no liability for furnishing wealth tax returns. That does not mean that whatever assets are there in their possession,

not disclosed under the Wealth Tax Act, remained undisclosed. May be, later on, on account of increase in the gold/silver prices, value of gems/ stones, value of jewellery may have exceeded but that does not mean that if a person has not filed wealth tax return, then jewellery even to the said extent of 500 gms prescribed by the aforesaid circular, became undisclosed. Admittedly, it is not the case of the revenue that the jewellery, so found, which has been prescribed hereinabove, was not admitted by the family members at the time of search. All the ladies in the family admitted that the jewellery found were all their own and some of the jewellery was lying in custody and control of their mother-in-law and in Indian conditions, it happens that the daughter-in-law keeps her jewellery with her mother-in-law or/ and head of the family and takes the same whenever required for some occasion in the family. Even otherwise, the jewellery is personal wearing in nature and the revenue has not placed any material on record to show that the items, which were found, were not personal wearing of the ladies.

15. Considering the above facts and circumstances, in our view, the Tribunal has correctly analyzed the Circular of the Board and we do not find any infirmity or perversity in the order of the ITAT so as to call for any interference of this Court. In our view, no substantial question of law arises out of the order passed by the ITAT."

(ii) ITAT, Delhi Bench in Kirti Sing vs. ACIT (ITA No.1067/Del/2023)

"14. We observe that the income reported as tabulated above clearly shows that the assessee and her family members are high net worth individuals and having regard to their high status, holding such jewellery found in the custody of members of their families cannot be seen to be abnormal and consequently unexplained. Simultaneously, we take note of paragraph 3 of the CBDT instruction, where the status of the family and customs and practices of the community to which family belongs, permit an assessee to hold larger quantity of jewellery and ornaments out of the purview of seizure. As per the instruction, the Income Tax Department also recognizes holding of such high quantity of jewellery as explained where the assessee is in the high income tax brackets. The assessee has thus sufficiently demonstrated the plausibility for holding gold ornaments in excess of the limit prescribed by the CBDT instruction. We also find

merit in the explanation offered by the assessee that credit should be given for gold, jewellery and ornaments held in custody of the assessee on behalf of the sister-in-law, Smt. Anju Singh and Smt. Surekha Singh. Keeping in mind, the overall status of the family as demonstrable from the facts of records, whole of the gold ornaments found at the time of search requires to be treated as clearly explained.

15. At this juncture, we refer to the observations made by the Hon'ble Delhi High Court in the case of Ashok Chaddha vs. ITO (2011) 14 taxmann.com 57 (Del) wherein collecting jewellery above the limit prescribed in the instruction, in a married life of 25 to 30 years, was not treated as abnormal. The normal custom of Indian society and realities of life were taken into account by the Hon'ble Jurisdictional High Court. The relevant portion of the judgment is reproduced hereunder for ready reference.

"As far as addition qua jewellery is concerned, during the course of search, jewellery weighing 906.900 grams of the value amounting to Rs. 6,93,582 was found. The appellant's explanation was that he was married about 25 years back and the jewellery comprised "streedhan" of Smt. Jyoti Chadha, his wife and other small items jewellery subsequently purchased and accumulated over the years. However, the Assessing Officer did not accept the above explanation on the ground that documentary evidence regarding family status and their financial position was not furnished by the appellant. The Assessing Officer accepted 400 grams of jewellery as explained and treated jewellery amounting to 506.900 grams as unexplained and made an ad hoc addition of Rs. 3,87,364 under section 694 of the Act working on unexplained jewellery, by applying average rate of the total jewellery found. The relevant portion of the assessment order reads as follows:-

"very reasonable allowance of ownership of gold jewellery to the extent of 400 grams is considered reasonable and the balance quantity of 506 grams by applying average rate, the unexplained gold jewellery is considered at Rs. 3,87,364 $(506/900 \times 6,93,582)$ u/s 69A of the Act."

The CIT (A) confirmed this addition stating that the Assessing Officer had been fair in accepting the part of jewellery as unexplained. The ITAT has also endorsed the aforesaid view. Learned counsel for appellant Ms. Kapila submitted that there was no basis for the Assessing Officer to accept the ownership of the gold jewellery to the extent of 400 grams only as "reasonable allowance" and treat the remaining jewellery of Rs. 506.900 as unexplained. She also submitted that another glaring fact ignored by the Assessing Officer as well as other authorities was that as the department had conducted a search of all the financial dealings which were within his knowledge and no paper or document was found to

indicate that this jewellery belonged to the appellant and that it was undisclosed income of the assessment year 2006-07. In a search operation, no scope is left with the tax department to make addition on subjective guess work, conjectures and surmises. It was also argued that jewellery is "streedhan" of the assessee's wife, evidenced in the form of declaration which was furnished by mother-in-law of the assessee stating that she had given the jewellery in question to her daughter: She argued that it is a normal custom for a woman to receive jewellery in the form of marriage and other occasions such as birth of a child. The assessee had been married more than 25-30 years and acquisition of the jewellery of 906.900 grams could not be treated as excessive.

3. Learned Counsel for the respondent on the other hand relied upon the reasoning given by the authorities below. After considering the aforesaid submissions we are of the view that addition made is totally arbitrary and is not founded on any cogent basis or evidence. We have to keep in mind that the assessee was married for more than 25-30 years. The jewellery in question is not very substantial. 'The learned counsel for the appellant/assessee is correct in her submission that it is a normal custom for woman to receive jewellery in the form of "streedhan" or on other occasions such as birth of a child etc. Collecting jewellery of 906.900 grams by a woman in a married life of 25-30 years is not abnormal. Furthermore, there was no valid and or proper yardstick adopted by the Assessing Officer to treat only 400 grams as reasonable allowance" and treat the other as "unexplained". Matter would have been different if the quantum and value of the jewellery found was substantial.

4. We are, therefore, of the opinion that the findings of the Tribunal are totally perverse and far from the realities of life. In the peculiar facts of this case we answer the question in favour of the assessee and against the revenue thereby deleting the aforesaid addition of Rs. 3,87,364."

16. A reference is also made to the judgment rendered by the Hon'ble Supreme Court in the case of Pratibha Rani vs. Suraj Kumar (1985) (2) SCC 70 where it was held that a Hindu married woman is absolute owner of her Streedhan property and can deal with it in any manner she likes and even if it placed in the custody of her in laws or her parents as per her wish. The Hon'ble Supreme Court thus duly took cognizance of the ordinary customs prevailing in Indian society where married woman keeps her gold jewellery and ornaments in her parents' custody.

17. In similar set of circumstances plethora of judgments have been delivered in favour of the assessee by the Co-ordinate Benches. A reference may be made to the decisions rendered in the case of Ankur Sharma vs. DCIT, ITA No.1843/Del/2022 Assessment Year 2019-20 order dated 06.10.2023; Gagan

Saran Sharma vs. DCIT, ITA No.1844/Del/2022 order dated 06.10.2023 and Ankit Sharma & ors. vs. DCIT, ITA No.1842/Del/2022 order dated 16.10.2023. In these group of cases, total jewellery found during the search under Section 132 stood at 387.50 gms, the revenue provided relief is to the extent of 2250 gms. The excessive jewellery of 1627.50 gms found in the course of search was treated as explained by the Tribunal in the backdrop of high income declared by the assessee in the different assessment years. The facts towards high status etc. in the present case are found to be better than in the decisions rendered by the Co-ordinate Benches in Ankit Sharma (supra), Ankur Sharma (supra) and Gagan Sharma (supra).

18. A reference is also made to the decision of the Co-ordinate Bench in Monisha R. Jaising vs. DCIT, (2019) 101 taxmann.com 519 (Mum – Trib.) and Vibhu Aggarwal vs. DCIT, (2018) 93 taxmann.com 275 (Del. Trib.) where keeping in mind the high income reported by the respective assessee and having regard to wealthy family status where gifting of jewellery is customary, the explanation offered by the assessee towards holding gold and ornaments in excess of CBDT instruction was treated as explained.

19. In the light of the delineations made above, we see potency in the plea raised on behalf of the assessee. The additions made under Section 69A towards gold ornaments are at odds with the decision rendered by the Jurisdictional High Court in Ashok Chhadha (supra) and decisions rendered by Co-ordinate Benches referred hereinabove and therefore cannot be countenanced. We thus set aside the order of the CIT(A) and direct the Assessing Officer to delete the additions made under Section 69A of the Act on this score.”

(iii) Delhi Bench of ITAT in the case of Neeti Rastogi vs. ACIT, Central Circle, Meerut (ITA No.2696/Del/2016)

4. We have heard both the parties and also perused the relevant finding given in the impugned orders. One of the issue which was raised before the authorities below was that the jewellery found belonged to the assessee, her husband and two unmarried daughters who are staying together and all these jewelleries have been gifted over the period of time at her marriage and on birth of her both the daughters and on various festivals and occasions for more than two decades. It was also explained that, if as per the circular, 500 gms for the assessee, 100 gms for her husband and 250 gms for her two unmarried daughters are to be considered in light of CBDT circular 1916 (supra), then the value of said jewellery works out to Rs.11,31,900/-. Thus, if benefit of this circular is being given, then no addition is called for.

5. We find that this proposition stands approved by various judgments of Hon’ble Rajasthan High Court, Hon’ble Gujarat High Court and various decisions

of the Tribunal wherein it has been held that the quantity of gold jewellery found and to the extent it is covered by CBDT circular for family member same should not be treated as unexplained in view of the customary practice in India. The few of the judgments on this point are as under:

1. CIT vs. Satya Narain Patni in Income Tax Appeal No. 196/2010 dtd. 07.04.2014 of Hon'ble Rajasthan HC
2. CIT vs. Ratanlal Vyaparilal Jain in Income Tax Appeal No. 661 of 2009 dtd. 19.07.2010 of Hon'ble Gujarat HC
3. DCIT vs. Shri Mehul Johnson in ITA No. 1647/MUM/2020 dtd. 19.05.2012 of Mumbai ITAT
6. In view of the aforesaid judgments, the unexplained jewellery added by the Assessing Officer stands deleted."

(iv) ITAT, Delhi Bench in the case of Smt. Ritu Bajaj vs. DCIT (ITA No.4101/Del/2017)

"6. The assessee's family consists of 5 members as described in the reply. The quantity of jewellery found in the possession of the assessee and his family members is 847 gms, whereas if the guidelines of the CBDT vide instruction 1961 dated 11.05.1994 as mentioned above are to be applied, the jewellery, that can be held by the assessee and his family members are as follows:-

.....

The jewellery found in possession of the Assessee and his family is within the normal limits of the jewellery which as per the Board's Circular not to be seized during the search proceeding of the Income Tax Act. Moreover, in the case of Haroon Mohd. Unni Mumbai vs Department of Income Tax, the Assessing Officer conducting the search suo-moto allowed 250 gms. each to the married ladies of the family as their 'Streedhan'."

7. As a matter of fact the Id. CIT(A) has not considered the status of the family, the circular of the Board where in case of married ladies 500 gms. and in case of unmarried lady 250 gms. and in case of male member 100 gms. jewellery need not be seized. The Income-tax department has accordingly released the said jewellery. The assessee, in fact can possessed upto 1450 gms. of jewellery as per the circular and looking to the social and financial status of the family, CBDT Circular I am of the view that the jewellery possessed by the assessee is quite reasonable and no addition on this account can be made and additions so sustained by the Id. CIT(A) is directed to be deleted. Thus all the grounds of the assessee are allowed."

14. In view of the above, therefore, we are inclined to delete the addition of Rs.92 lakhs made by the AO.
15. With regard to cash deposit, we observed that the assessee has already filed detailed submissions before the AO. We observed the cash withdrawn by the assessee as well as his family members during the period under consideration along with bank statements, which are filed in the paper book. After considering the above information available on record, we noticed that assessee, along with his family, has withdrawn huge cash during the period and the cash found during the search is only Rs.21 lakhs, to which assessee has already explained the source of cash found during the search. Therefore, we do not see any reason to sustain the same. Accordingly, grounds raised by the assessee are allowed.
16. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on this 29th day of September, 2026.

Sd/-
(RAJ KUMAR CHAUHAN)
JUDICIAL MEMBER

sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Dated : 29.09.2026
TS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT, NEW DELHI