



2026:DHC:8658-DB



\$~9

* **IN THE HIGH COURT OF DELHI AT NEW DELHI*****Date of decision: 1st October, 2026***# **CNR No. DLHC010423342026**+ **W.P.(C) 13064/2026 & CM APPLs. 60787/2026, 60788/2026****ZOOM INSURANCE BROKERS PVT LTD**PetitionerThrough: **Mr. Mukesh Gupta, Advocate.**

versus

**ASSISTANT COMMISSIONER OF INCOME TAX CIRCLE 25 1
& ANR.**RespondentsThrough: **Mr. Ruchir Bhatia, SSC with Mr.
Anant Mann, JSC & Mr. Pratyuksh
Gupta, JSC.****CORAM:****HON'BLE MR. JUSTICE DINESH MEHTA****HON'BLE DR. JUSTICE ADITI CHOUDHARY****J U D G M E N T****DINESH MEHTA, J. (ORAL)**

1. By way of the present writ petition, the petitioner has challenged the order dated 30.06.2026 passed under Section 148A(3) of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*) so also notice of the even date issued under Section 148 of the Act of 1961 for Assessment Year 2020-21 on various counts.

2. Mr. Anant Mann, learned Junior Standing Counsel, at the outset submitted that the petitioner had challenged identical notice dated 23.06.2025 issued by the Assessing Officer for assessment year 2019-20, by the way of writ petition and this Court had refused to entertain petitioner's



2026:DHC:8658-DB



writ petition and therefore, the instant writ petition should also be dismissed.

3. Learned counsel for the petitioner though accepted the fact that the information and the allegation in the instant notice issued under Section 148A(1) of the Act of 1961 so also the allegation and the information mentioned in the notice dated 23.06.2025 for assessment year 2019-20 are almost identical, but submitted that while rejecting petitioner's earlier writ petition bearing W.P.(C) 14027/25, the Coordinate Bench of this Court had not properly considered the order of this Court rendered in the case of ***T S G International Marketing Private Limited v. Income Tax Officer, Ward 25(3), Delhi*** in W.P.(C) 9715/2025 and thus, this petition needs to be entertained.

4. Learned Junior Standing Counsel controverted this contention by submitting that the order dated 14.07.2025 in the case of ***T S G International Marketing Private Limited (Supra)*** is only an interim order, whereas the judgment dated 11.09.2025 is a final order passed in petitioner's own case.

5. Heard learned counsel for the parties.

6. Indisputably, in petitioner's own case for preceding assessment year (2019-20), this Court has refused to interfere and rejected petitioner's writ petition by observing thus:

"...8. Having heard the learned counsel for the petitioner and perused the record, we must at the outset refer to the notice dated 24.03.2025 issued under Section 148A(1) of the Act on the ground that the income subject to tax has escaped assessment within the meaning of Section 147 of the Act as per "information in accordance with the risk management strategy formulated in this regard". Further, as per the impugned notice the respondent has mentioned that a search and seizure



2026:DHC:8658-DB



under Section 132 of the Act on Middle Layer Business Entities ('MLBE', henceforth) of the insurance sector was conducted on 30.11.2022 to verify the claim of services against which these entities had received payments from the insurance companies. According to the notice, these MLBEs were neither authorized to receive commission nor registered under Insurance Regulatory and Development Authority of India ('IRDAI', hereinafter) and have acted as pass-through entities for the insurance companies. These payments were masked under various heads such as online media expenses, advertisement services, online marketing, marketing activities, brand promotion expense, etc., and that these were finally paid to the insurance agents or insurance intermediaries or their nominees. Such search and seizure has covered 37 MLBEs and 32 insurance companies were part of post search verification.

9. *According to the impugned notice, the respondents have stated that the insurance companies have signed several service agreements with several MLBEs to facilitate transfer of such payments. The notice states that the analysis of this financial data was carried out and has indicated that these MLBEs do not have the capacity to render such services and the funds which have been received from the insurance companies were simply passed on without rendering any relevant services. The amount of Rs. 82,25,822/- from IFTGI was found to be one such transaction of the assessee company.*

10. *The relevant paragraphs of the impugned order dated 23.06.2025 reads as under:*

“2.1 On perusal of the information uploaded on the insight portal, it is noticed that a Search and seizure u/s 132 on Middle Layer Business Entities (MLBEs) of Insurance Sector was conducted on 30.11.2022 by Investigation Unit -1 and Unit-5, Mumbai under names Wings Brand Group and Ajay Mehta group respectively to verify the claim of services against which these entities have received huge payments from the insurance companies. These MLBEs were not authorized to receive the commission since they are not registered with the IRDAI and they acted as pass-through entities for Insurance Companies.



These payments were masked as various heads of expenses such as online media and advertisement services, online marketing, marketing activities, brand promotion expense etc. These were finally paid either to Insurance agents/insurance intermediaries/MPHs or to their nominees. 37 Entities (MLBEs) were covered during search operation and 32 insurance companies were covered as part of post search verification.

2.2 The search action revealed that these MLBEs have acted merely as pass-through entities and transferred the additional commission (also called as Overriding commission-ORC), over and above the IRDAI limit, to Insurance intermediaries/agents, Master Policy holders or their nominees. The evidences gathered from different premises clearly established the nexus between Insurance Companies and the end beneficiaries who are either the Insurance agents/intermediaries Master Policy holders, or their nominees. The Middle Layer Business Entities have shown the payments received from Insurance Companies under the head business promotion, marketing expenses, advertisement expense etc. and have further debited expenses under different heads to transfer the commission over and above the IRDAI limit to the end beneficiaries. These middle layer entities acted as payment facilitator and passed on the amount received from insurance companies to nominees of insurance intermediaries and agents.

2.3 The Insurance companies have signed service agreements with several middle layer business entities (MLBEs) for transferring huge payments under the head marketing and business promotion to various entities. Analysis of financial data and enquiries of these entities were carried out by the Investigation Wing which indicated that these entities are not having the capacity to render such services. They have received the fund from the Insurance companies and simply passed on the funds to other individuals and other business entities without receiving any services.

2.4 From the investigation report it is gathered that the assessee company also found to be involved in bogus transaction amounting to Rs. 82,25,822/- with IFFCO-TOKIO



2026:DHC:8658-DB



General Insurance Company Ltd.

3. Considering the above referred credible information and analysis, subsequent to the information, proceedings u/s 148A of the Income-tax Act, 1961 was initiated. In view of the above facts and circumstances of the case, a show cause notice u/s 148A(1) was issued to the assessee on 31/03/2025 requesting the assessee company to respond by 17/04/2025, as it appeared that income chargeable to tax has escaped assessment for the transaction mentioned above amounting to Rs. 82,25,822/- during the year under consideration. In response of the notice the assessee has submitted its submission on 17-04-2025. Relevant portion of the reply is reproduced as under:-

“.....In the matter under consideration the assessee has taken a written email confirmation from ITGI stating that the amount of INR 82,25,822/- as shown in the insight portal is a genuine transaction and it pertains to the brokerage income against the premium placed by the assessee to ITGI on behalf of their various client's insurance policies. In the email confirmation received from ITGI dated 14/04/2025, the officials of ITGI shared a reconciliation summary of Form 26AS versus the amount reported on income tax insight portal. In the reconciliation received over the mail, the difference is on account of credit memos which are not reported in Form 26AS but reported on insight portal. The assessee hereby further states that they have reported a taxable income of Rs. 83,28,333/- as brokerage (basis on the monthly statements received from the ITGI) in their Audited Financials of AY 19-20. A reconciliation of reported income versus the amount reported in the Insight portal is as below:

A	Sum of Standards Memo	83,76,284.82
B	Sum of Credit Memo	-1,50,463.10
C(A+B)	Net Invoice for Year	82,25,821.72
D	Amount Reported by Income tax	82,25,822.00
E (C-D)	Difference	-0.28
F	Amount Reported in Form 16/26AS	83,76,284.82
G (A-F)	Difference	-

It can be verified from the above reconciliation that during the



2026:DHC:8658-DB



Financial Year 2018-19 (AY 2019-20), the assessee has reported a taxable income of Rs. 83,28,333/- which is higher than the amount of Rs. 82,25,822/- as reported on Insight portal of the Income Tax department.

2. This is a legitimate income within IRDAI rules and regulations and the same has also been declared in our profit and loss account.

3. Please find attached here with a list of invoices along with copies of invoices (backed up by insurer statements) that were raised on Iffco-Tokio General Insurance Company Ltd during the period from 1st of April 2018 to 31st of March 2019, (AY 2019-20). The total of all these invoices is INR. 83,28,333/- and the same amount has been appropriated as income in the profit and loss account for the FY 2018-19 (AY 2019-20).

4. So, all the relevant documents have been reconciled and are matching with each other confirming that an amount of Rs. 83,28,333/- is the only amount received from ITGI against the premium placed by us to them through the policies of our various clients. And this amount has already been accounting in our profit and loss statement and due tax has already been paid on the same. Also, it would not be out of place to mention that throughout the life span of our existence, we as company have remained profitable, deposited our taxes diligently and have contributed significantly to the cause of the country. Last 5 years data is self explanatory and have been reproduced below for your kind perusal: -

FY	Revenue (in Cr)	Profit Before tax (Amount in Cr)	%age profit reported
23-24	80.83	27.79	34%
22-23	72.09	21.69	30%
21-22	46.56	11.67	25%
20-21	33.59	8.47	25%
19-20	23.29	7.16	31%
Total	256.36	76.78	30%

Further kindly note below points also:

a) Any income/payment which we have received from ITGI have been booked in our profit and loss account and tax has been paid on the same. (Annexure 4a to 4c Invoice copies with



ITGI statements)

b) We have no relationship whatsoever with Wings Brand Group and Ajay Mehta group herein referred as MLBES.

c) We have not received any income/payment directly or indirectly through any of these MLBES.

d) As per our limited knowledge the practice of additional commissions over and above IRDAI prescribed norms were prevalent in retail insurance business and not in corporate or group insurance business.

e) We are a IRDAI broker whose more than 99% of business is group business and not retail business. f) We categorically deny our involvement in any bogus transaction and all the above submissions are evident of the same. In view of above stated facts, we pray that your Honor shall accept our submission as our true and correct submission. The notice under section 148 of the Income Tax Act, 1961 should not be issued as there is no suppression of income and that we have earned only the legitimate brokerage as per prescribed IRDA guidelines which has been fully disclosed in the return of income filed with the Income Tax Authorities for the AY 2019-20. We assure you of our full cooperation in this matter and are committed to providing all necessary information and documentation.....”

Alongwith the above reply, documents in support of assessee's claim was also furnished

4. The entire submissions of the assessee have been considered and carefully gone through and it is found that the reply of the assessee is vague and inconclusive. ITGI's email confirmation (14/04/2025) is a self-serving document without third-party verification which can not be relied upon. Similarly, the invoices furnished alone does not prove the genuineness of transactions.

4.1 The core issue as mentioned in the showcause notice has not at all been addressed as no comment has been made with regard to percentage of commission received from IFFCO Tokyo General Insurance Company Ltd(ITGI) and has given very vague reply stating: “ as per our limited knowledge the practice of additional commissions over and above IRDAI



prescribed norms were prevalent in retail insurance business and not in corporate or group insurance business". No working of commission in terms of % of premium receipts has been given. Mere denial of the issues involved is insufficient to accept the plea of the assessee. In light of the same, the reply of the assessee is considered evasive and devoid of substantial documentary evidence and therefore can not be accepted.

5. In this case income likely to escape is more than Rs.50 lakhs and the same is represented in the form of transaction or entries as mentioned above which shows the income chargeable to tax, which has escaped assessment, amounts to more than fifty lakhs rupees. Thus, the assessee's case is covered under provision of section 149 (1)(b) of the Income Tax Act, 1961. Accordingly, it is concluded that it is a fit case for issuing notice u/s 148 of the Act for A.Y. 2019-20.

6. Accordingly, after considering the facts of the case, as mentioned above, it is concluded that this case is a fit case for issuing notice u/s 148 of the I.T. Act."

xxxxx

13. It is seen from the above that the contention of the petitioner in respect of the sum of Rs. 82,25,822/- being an amount which has been declared in books and return of income tax and as such the impugned notice which alleges that such an amount has escaped the assessment is clearly untenable, is concerned the issue need to be seen in facts for which it is imperative that the notice is issued to elicit a reply and to check whether the sum of Rs. 82,25,822/- is a result of a spurious transaction, resulting in the income escaping assessment/Tax. Such an exercise shall be undertaken by the Assessing Officer, and surely not by this Court.

14. Suffice to state that the reliance placed by Mr. Gupta on the judgment in the case of Jindal Saw Limited (supra) can be distinguished on facts in as much as the notice under Section 148A(b) was issued on account of undeclared/unexplained income whereas, the assessee in that case had sufficiently explained the amount and the impugned order in that case was seen to be at variance with the allegations made in the



2026:DHC:8658-DB



impugned notice in the said case. Needless to state, the reliance placed by Mr. Gupta on this judgment is misplaced.

15. In view of the above, we find no merit in this petition and the same is dismissed along with the accompanying application for stay...”

7. Except for the assessment year (which in the present case is 2020-21), the facts are identical.
8. Being guided by the judicial discipline, we cannot take a view other than what the Coordinate Bench had taken in petitioner’s own case.
9. The writ petition is, therefore, dismissed.
10. The pending applications are also disposed of accordingly.

(DINESH MEHTA)
JUDGE

ADITI CHOUDHARY
(JUDGE)

OCTOBER 1, 2026/nk