# भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

**[DISCIPLINARY COMMITTEE BENCH-II (2026-2027)]**
**[Constituted under Section 21B of the Chartered Accountants Act, 1949]**

**ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.**

**File No.: [PR/G/199/2018/DD/209/2018/DC/2013/2025]**
**In the matter of:**
**Sh. Shivendra Kumar Gupta, IRS,**
**succeeded by Mr. Basavaraj Hiremath,**
Joint Commissioner of Income Tax, Margao Range
3rd Floor, Blessing Pioneer Commercial Complex,
Opp. District & Session Court, Margao
**Goa- 403601** **..... Complainant**

**Versus**

**CA. Mohamed Saif Shaikh (M. No. 133633)**
Gofur Manzil, H. No.218
Curchorem,
**Goa- 403706** **.....Respondent**

**MEMBERS PRESENT:**
1. **CA. Prasanna Kumar D, Presiding Officer**
2. **CMA. Chandra Wadhwa, Government Nominee**
3. **CA. Mahesh Shah, Government Nominee**
4. **CA. Hans Raj Chugh, Member**

| | |
|---|---|
| **DATE OF HEARING** | **: 15th October 2026** |
| **DATE OF PRONOUNCEMENT OF ORDER** | **: 15th October 2026** |
| **DATE OF ORDER** | **: 15th October 2026** |

1. That vide Findings dated 29th August 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Mohamed Saif Shaikh (M. No 133633)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (4) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and communication was addressed to him thereby granting him an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 03rd October 2026. The Committee noted the Respondent vide email dated 29th September 2026 requested for adjournment which was acceded to by it. The Committee noted that an opportunity to make representation before it was once again granted to Respondent on **15th October 2026.**

3. The Committee noted that on the date of hearing on **15th October 2026**, the Respondent was present through VC and appeared before it. The Committee noted the written representation of the Respondent dated 28th September 2026 on the Findings of the Committee, which, inter alia, are as under: -

i He disputed the factual interpretation of the alleged admission regarding signatures and requests examination of the original tax challans and corresponding bank counterfoils.

ii That the original allegation reportedly involved 437 cases, whereas only 106 cases were subsequently reopened. He seeks a documentary explanation for the discrepancy and clarification regarding the remaining 331 cases.

iii The Respondent requested an opportunity, wherever necessary, to examine or cross-examine the concerned Income Tax officers, forensic expert, two clients, Police Inspector Mr. Kapil Nayak and Mr. Rafik Shaikh.

iv He submitted that the handwriting of relevant staff members who had access to the documents was not, to his knowledge, subjected to forensic examination.

v The Respondent prayed to the Committee to take lenient view.

The Committee noted that detailed verbal submissions made by the Respondent in the matter.

4. The Committee noted that the tax challans is part of documents in prima facie opinion and the list of cases had already been provided to the Respondent at the prima facie opinion (PFO) stage. It is pertinent to note that the Respondent had not filed any application seeking examination of witnesses at the stage of hearing under Rule 18. At this stage, the matter is under consideration for award of punishment under Rule 19(1). The Respondent's request to examine or cross-examine as mentioned in his written submission is not tenable. The Committee

noted that the same does not absolve the Respondent's acts of manipulation, fabrication of challans, and filing of revised returns resulting in reduced tax liabilities.

5. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional and Other Misconduct vis-à-vis verbal and written submissions of the Respondent. The Committee noted that the issues/ submissions made by the Respondent as aforestated have been dealt with by it at the time of hearing under Rule 18.

6. Thus, keeping in view the facts and circumstances of the case, material on record including verbal and written submissions of the Respondent on the Findings, the Committee noted the charge that the Respondent defrauded the Income Tax Department and the Assesses(clients or taxpayers) by indulging into illegal and fraudulent practices of manipulating the income tax challan.

7. It was observed that he admitted in statement on oath that he had collected taxes from clients, deposited lesser amounts with the Government, and provided manipulated challans to the clients. The Committee further noted that the aforesaid admissions were corroborated by the confession-cum-declarations executed by the Respondent, the confirmations received from the State Bank of India and the examination conducted by the Central Forensic Science Laboratory, which found the disputed signatures to be those of the Respondent.

8. The Committee considered the Respondent's contention that the manipulation had been carried out by his employee and the admissions before the Income Tax Authorities had been made under pressure. However, the Committee observed that these contentions were not supported by any complaint, retraction or other evidence and were inconsistent with the Respondent's own sworn admissions. The Committee noted the Respondent's submission regarding the Income Tax Department's consideration of withdrawal of the complaint. The Committee, however, finds that no formal communication confirming the withdrawal of the complaint had been submitted on record by the Complainant Department. The Committee was of the considered view that the Respondent had engaged in manipulation of tax challans, furnished altered documents to clients, filed revised returns without their knowledge and dealt with tax amounts collected from clients in a manner wholly inconsistent with the standards of integrity and professional conduct expected of a Chartered Accountant. Hence, Professional and Other Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 29th August 2026 which is to be read in consonance with the instant Order being passed in the case.

9. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional and Other Misconduct.

10. **Thus, the Committee, upon considering the seriousness of charges and the gravity of the matter, material on record and representation of the Respondent before it, ordered that CA. Mohamed Saif Shaikh (M. No 133633), Goa be Reprimanded, removed his name from the Register of Members for a period of 03 (Three) months and also imposed a fine of Rs. 1,00,000/- (Rupees One lakh) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.**

**Sd/-**
**(CA. PRASANNA KUMAR D)**
**PRESIDING OFFICER**

**Sd/-**
**(CMA CHANDRA WADHWA)**
**GOVERNMENT NOMINEE**

**Sd/-**
**(CA. MAHESH SHAH)**
**GOVERNMENT NOMINEE**

**Sd/-**
**(CA. HANS RAJ CHUGH)**
**MEMBER**

सत्यापित होने के लिए प्रमाणित/Certified to be True Copy
चरण सिंह/Charan Singh
कार्यकारी अधिकारी/Executive Officer
अनुशासनात्मक निदेशालय/Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी–1, सेक्टर–1, नोएडा–201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – II (2026-2027)]**

**[Constituted under Section 21B of the Chartered Accountants Act,1949]**

**Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.**

**File No:- [PR/G/199/2018/DD/209/2018/DC/2013/2025]**

**In the matter of:**
**Sh. Shivendra Kumar Gupta, IRS,**
Succeeded by Mr Basavaraj Hiremath
Joint Commissioner of Income Tax, Margao Range
3rd Floor, Blessing Pioneer Commercial Complex,
Opp. District & Session Court, Margao
**Goa- 403601**

**Complainant**

**Versus**

**CA. Mohamed Saif Shaikh (M. No 133633)**
Gofur Manzil, H. No.218
Curchorem,
**Goa- 403706**

**.....Respondent**

**MEMBERS PRESENT:**
**CMA Chandra Wadhwa, Government Nominee & Presiding officer** (In person)
**CA. Mahesh Shah, Government Nominee** (In person)
**CA. Satish Kumar Gupta, Member** (In person)
**CA. Hans Raj Chugh, Member** (In person)

**DATE OF FINAL HEARING : 04th June 2026**
**DATE OF DECISION TAKEN : 25th July 2026**
**DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026**

**PARTIES PRESENT:**
**Respondent** : CA. Mohamed Saif Shaikh (Through VC)

1. **Background of the Case:**

1.1. It is the case of the Complainant that a joint survey operation under section 133A of the Income tax Act, 1961 (hereinafter referred to as the "Act") was conducted by the officers of Complainant Department on the Respondent dated 12.02.2018 for defrauding the Income Tax Department and the Assesses (clients or taxpayers) by indulging into illegal and fraudulent practices and the Respondent has admitted his role in aforementioned fraud in his statements recorded on oath u/s 131(1) of the Act.

1.2. It is submitted that when a taxpayer, or assessee, comes to the Respondent asking for his assistance in filing IT returns and paying taxes, the Respondent computes total income, determines tax liability, and collects the tax money in cash along with his professional fees. Payment is made to the bank once challans are completed in a way that allows for the prefix inserting of the remaining digits of the computed tax liability amount at a later time. Subsequently, the tax returns are filed electronically, and in the process, the details of the taxes paid are manually input to determine the accurate tax due.

1.3. The real tax liability is then entered, both in words and numbers, into the original tax return. After that, the Respondent gave the altered original challans and the acknowledgement to the Assessee then prepares a revised return after the assessee departs, in which the total income is lowered by the amount of tax due on the real paid challans. Apparently, the Respondent keeps the difference between the amount of tax that is actually put in the bank and the amount that is legitimately estimated for himself during this process. The Respondent further paid all the tax amount through cash payments and manually fills out the challans in his own handwriting.

1.4. It is further submitted that the information gathered during the Respondent's laptop computer search indicated that he knowingly defrauded the Department and the Assesses in 437 cases whereby the Respondent by manipulating documents paid less tax to the tune of Rs.1.17 Crores to the department.

1.5. It is further submitted that on 06.04.2018 two Assesses filed detailed complaints stating the fraud before the Police Inspector after they coincidentally noticed a

discrepancy between the amount of tax paid on the challan that was issued to them by Respondent and their tax credit records that were retrieved from the Department's website (Form 26AS).

1.6. Thereafter, the inquiry officer assigned to the case seems to have recommended a mutual settlement between the complainants (two assesses who filed the complaints) and the Respondent, after admitting offence and offering to pay the differential tax plus interest, file a revised return revealing the true income, and thereby clear the assesses of the charges of filing income tax returns with concealed income figures and deficient payment of tax.

2. **Charges in brief:**

2.1. The Respondent defrauded the Income Tax Department and the Assesses (clients or taxpayers) by indulging into illegal and fraudulent practices of manipulating the income tax challan.

3. **The relevant issues discussed in the Prima Facie Opinion dated 27th September 2024 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1. It was noted that the Complainant in support of his allegation had brought on record the Confession cum Declaration of Respondent dated 12.05.2018 issued separately in favour of his two clients on non-judicial stamp paper in which the Respondent admitted that with fully malafide intention and without knowledge of his clients, he was paying short amount in tax payments by changing the figure columns and word amounts in the challan counterfoils after getting it stamped from the bank. He also agreed to make good all the losses caused to clients because of his fraudulent act and based on this admission of the Respondent, the concerned clients had withdrawn their complaint filed against the Respondent in local police stations as evident from the withdrawal letter dated 06.05.2018. Further, the Complainant had brought on record the statements on oath of the Respondent dated 12.02.2018, 27.03.2018 and 27.06.2018 recorded before the Complainant department under Section 131 of the Income Tax Act, 1961.

3.2. On perusal of the above statements on oath, it was apparent that the Respondent had admitted before the Complainant department to defrauding the Income Tax Department and the assessees (Respondent's clients) by indulging in illegal and fraudulent practices. Further, the Complainant, in support of his allegation, had also annexed a few counterfoils of taxpayers' challans alleged to have been manipulated by the Respondent with increased amounts and a letter dated 19.01.2019 issued by the concerned collecting branch of SBI confirming the actual deposits made in the bank against such challans.

3.3. The Respondent in his defence in the Written Statement had contended that his Statement on Oath given before the Complainant department was taken under pressure, forcing the Respondent to accept the manipulations to suit the requirement of the person recording his statement. However, it was noted that when asked by this Directorate at the Rule 8(6) stage to submit any evidence or complaint filed by him before any authority, the Respondent, vide his letter dated 22.01.2019, had expressed his inability to provide any evidence and had further confirmed that no complaint had been filed.

3.4. In this scenario, for a moment, if the version of the Respondent was taken to be true that his statement had been recorded incorrectly to suit the requirement of the Complainant department, it was viewed that he should have, at the earliest possible opportunity, taken some overt action by bringing this alleged unusual incident to the knowledge of the concerned authorities, including retraction of his statement. However, the Respondent had done nothing to protect his interests.

3.5. The Complainant had brought on record a letter/email dated 18.01.2019 whereby the Central Forensic Science Laboratory (CFSL) had been requested to submit its report to confirm that the handwriting on the alleged challans and that on the statements on oath sworn by the Respondent before the Complainant department were of the same person. Further, the Complainant department, vide email dated 26.05.2020, had confirmed that the handwriting, stating.

3.6. It was further noted that the Respondent, in support of another contention that the manipulations of challans mentioned in the Complaint had been carried out by his

office staff. Whereas it was observed that the Respondent, in his Statement on Oath dated 27.06.2018 had admitted that the malpractices had been committed by him and nowhere had he stated that it was an act done by his office staff.

3.7. Thus, in conclusion, it was stated that on the basis of the admission made by the Respondent regarding the alleged irregularities while filing tax returns of his clients before the Complainant department, further substantiated by the letter of SBI confirming lesser deposit of tax in the bank, coupled with the confirmation of the Central Forensic Science Laboratory (CFSL), Government of India, with respect to the Respondent's handwriting on those tax challans, it was clearly discernible that the Respondent had defrauded the Income Tax Department and his clients by indulging in illegal and fraudulent practices. The Respondent was therefore found not only to have indulged in embezzlement of money received in his professional capacity but was also viewed as having brought disrepute to the profession of Chartered Accountants and had rendered himself liable to be proceeded against in terms of Clause (4) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

3.8. Before concluding, with regard to the admissibility of the Respondent's statement taken on oath under Section 131 of the Income Tax Act concerning his involvement in the shortfall of tax payments, it was considered apposite to refer to Paragraph 5 of the judgment in Deepak Shah v. ACIT, 30(1), Mumbai, wherein the Income Tax Appellate Tribunal, while dealing with the issue of the evidentiary value of statements recorded on oath under Sections 132(4) and 131 of the Act, had observed as under:
*"5. The AO also made an effort to examine the lenders by issuing Summons u/s. 131. However, the lenders did not appear. The pen drive found during the course of Search in case of Pravin Kr. Jain also supports the accommodation entries coupled with the fact that there was no actual business activity in any of the concerns.* ***The statement recorded on oath u/s 131 or 132(4) has evidentiary value and can be safely used as evidence.*** *In view of above, it is held that the appellant has failed to prove identity, creditworthiness and genuineness of loans from the three lenders and the addition made by the AO is hereby sustained. The ground is rejected."*

3.9. Further, it was well settled that though admissions were not conclusive proof of the facts admitted and might be explained or shown to be wrong, they did raise an estoppel and shifted the burden of proof onto the person making them or his representative-in-interest. Unless shown or explained to be wrong, they constituted efficacious proof of the facts admitted (Avadh Kishore Das v. Ram Gopal AIR 1979 SC 861).

3.10. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 27th September, 2024 opined that the Respondent was Prima Facie **Guilty** of Professional and Other Misconduct falling within the meaning of Clause (4) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.The said Clauses of the Schedule to the Act, states as under:

**Clause *(4) of Part II of the Second Schedule:***

*"A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he--*

*x x x x x x x*

*(4) defalcates or embezzles moneys received in his professional capacity.; "*

**Clause *(2) of Part IV of the First Schedule:***

*"A member of the Institute, whether in practice or not shall be deemed to be guilty of other misconduct, if he-*

*x x x x x x x*

*(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work."*

3.11. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 09th July 2025. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (4) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of

Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. **Date(s) of Written Submissions/Pleadings by parties:**

4.1 The relevant details of the filing of documents in the instant case by the parties are given below:

| S. No. | Particulars | Dated |
|---|---|---|
| 1. | Date of Complaint in Form 'I' filed by the Complainant | 14th June 2018 |
| 2. | Date of Written Statement filed by the Respondent | 08th August 2018 |
| 3. | Date of Rejoinder filed by the Complainant | 10th September 2018 |
| 4. | Date of Prima Facie Opinion formed by Director (Discipline) | 27th September 2024 |
| 5. | Written Submissions filed by the Respondent after PFO | 25th August 2025<br>03rd October 2025<br>04th April 2026 |

5. **Written Submissions filed by the Respondent:**

5.1 The Respondent vide letter dated 25th August 2025, inter-alia, made the submissions which are given as under:-

i The Respondent contended that there was no short payment of tax in all the cases identified by the Income Tax Department in its complaint, wherein the total amount allegedly involved was stated to be approximately Rs. 1.26 crore. According to the Respondent, upon conducting a detailed review of the tax filings of his clients, it was found that short payment of taxes existed only in 106 cases and the aggregate amount involved was approximately Rs. 30 lakh. He stated that the relevant details and supporting evidence were furnished to the then Joint Commissioner, who was satisfied that the short payment was restricted to those 106 cases.

ii The Respondent further submitted that, based on the aforesaid position, instructions were issued by the Joint Commissioner to reopen assessments only in those 106 cases under Section 147 of the Income Tax Act and not in the remaining cases.

iii The Respondent stated that he had filed returns in response to notices issued under Section 148 in all the 106 reopened cases, disclosed the correct income of the concerned clients, paid all taxes along with applicable interest aggregating to more than Rs. 45 lakh and successfully completed the assessment proceedings in all such cases.

iv The Respondent also submitted that he had personally met the then Additional Commissioner of Income Tax, Range-1, and apprised him of the developments along with documentary evidence showing that all the reopened cases had been concluded after payment of taxes and interest and that there was no revenue loss to the Department. According to the Respondent, after considering the matter and the mental stress and hardship allegedly suffered by him, the Additional Commissioner was of the view that the Department did not wish to pursue the matter further and could consider withdrawal of the complaint so that the disciplinary proceedings initiated against him might be dropped.

v The Respondent reiterated that the alleged manipulations and short payment of taxes had actually been carried out by a member of his staff and not by him personally. The Respondent further contended that the alleged manipulations were confined only to non-audit tax filing cases where returns could be filed by staff members without his direct involvement.

vi The Respondent also submitted that the police complaints lodged against him by two of his clients, namely Mr. Prabhakar Darure and Mr. Iqbal Ahmed Khan, had subsequently been withdrawn after the clients allegedly came to understand that the manipulations and short payments had been committed by his staff and not by him. He further alleged that the tax consultant who had encouraged the clients to file complaints had been attempting to blackmail him for monetary gain. According to the Respondent, both clients were willing to appear as witnesses in support of his case.

vii The Respondent additionally stated that the then Police Inspector of Margao Town Police Station, Mr. Kapil Nayak, and social worker Mr. Rafik Shaikh were also aware of the alleged blackmail. He further submitted that Ms. Beena Kumari, Income Tax Officer (Retired), who had led the survey proceedings in 2018, along with other

officials of the Income Tax Department including Mr. Ravish Singh, Mrs. Rita Martins and Mr. Karim Shaikh, could also corroborate the facts stated by him.

5.2 The Respondent vide letter dated 03rd October 2025, inter-alia, made the submissions which are given as under:-

i The Respondent further submitted that he had held detailed discussions with the Additional Commissioner of Income Tax, Margao Range, who was the Complainant in the matter. According to the Respondent, the Complainant was satisfied that returns in response to notices issued under Section 148 of the Income Tax Act had been filed in all the cases reopened on account of short payment of taxes and that the due taxes had been paid in such cases.

ii The Respondent further contended that the Complainant did not possess any report from the Central Forensic Science Laboratory (CFSL) conclusively stating that the handwriting appearing on the tax challans was his own. He also submitted that the Complainant had not sought any examination from the CFSL to determine whether the handwriting on the tax challans matched the handwriting of the staff member whom the Respondent alleged had carried out the manipulations.

iii The Respondent reiterated that upon his pointing out to the original Complainant, Mr. Shivendra Kumar Gupta, that the short payment of taxes was confined to 106 cases involving approximately Rs. 30 lakh and not 437 cases involving approximately Rs. 1.26 crore. The Respondent further submitted that he had requested Mr. Gupta to inform the Disciplinary Committee that the initial suspicion relating to 437 cases had subsequently been narrowed down to 106 cases. According to the Respondent, Mr. Gupta had stated that once all the reopened cases were successfully concluded after payment of the due taxes, the Department would withdraw the complaint and would not wish to pursue the matter further.

iv The Respondent further stated that the matter had also been discussed with the present Additional Commissioner of Income Tax, Margao Range, who, after obtaining confirmation from the Principal Commissioner/Chief Commissioner of Income Tax, had agreed to withdraw the complaint since all taxes along with applicable interest had been paid and there was no revenue loss to the Department. According to the Respondent, the Additional Commissioner was on long leave and had assured him that a letter withdrawing the complaint would be sent to the Disciplinary Committee upon resuming official duties.

5.3 The Respondent vide email dated 04th April 2026, inter-alia, made the submissions which are given as under:-

i The Respondent submitted a letter dated 02nd February 2026 submitted to Additional Commissioner of Income Tax.

6. **Brief facts of the Proceedings:**

6.1 The details of the hearing(s)/ meetings fixed and held/adjourned in said matter is given as under:

| S. No. | Date of meeting(s) | Status |
|---|---|---|
| 1. | 19th August 2025 | Adjourned at the request of Respondent |
| 2. | 08th April 2026 | Oath taken by Respondent and adjourned. |
| 3. | 04th June 2026 | Hearing concluded & Finding reserved. |
| 4. | 25th July 2026 | Decision Taken. |

6.2 On the day of first hearing held on 19th August 2025, the Committee noted that the Respondent, vide his email dated 11th August 2025, had requested an adjournment on the ground that he is in Gujarat since 8th August 2025 for his son's Tennis Championship and requested to provide time till 31st August 2025 for preparation and submission of reply. Since the request for adjournment of hearing had been received for the first time, the Committee, keeping in view the principles of natural justice, acceded to the request of the Respondent for adjournment. Accordingly, the hearing in the case was adjourned at the request of the Respondent.

6.3 On the day of the hearing held on 08th April 2026, the Committee noted that the Respondent was present through VC and appeared before it. However, the Complainant was not present despite the fact that notice of the hearing was duly served upon him. Being first hearing of the case, the Respondent was put on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and whether he pleads guilty. The charges as contained in prima facie opinion were also read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him. In view of Rule 18(9) of the Chartered Accountants (Procedure

of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a future date.

6.4 On the day of the hearing held on 04th June 2026, the Committee noted that Respondent was present through VC and appeared before it. The Committee noted that the Complainant was not present for the hearing and notice of listing of the case has been served upon the Complainant. Despite that, the Complainant was not present in the hearing. The notice was also sent by post and by email to the Complainant. The Committee then decided that the matter be proceeded ex-parte the Complainant and considered on merits based upon the documents/material available on record.

The Committee noted that the allegation against the Respondent related to defrauding the Income Tax Department and the Assessees by indulging into fraudulent practices of manipulating the income tax challan. The Respondent submitted that he had already filed written submissions and reiterated that the tax manipulations and short payment of taxes were made by his office assistant/staff without his knowledge. The Income Tax Department conducted a survey at its premises on 12th February 2018 and seized documents, files, laptop backups, and other records. Initially, the Department identified 437 cases in which short payment of taxes amounting to Rs. 1.17 Crores was involved. The Respondent submitted that upon reviewing the cases individually, there were only 106 cases in which short payment of taxes involved was Rs. 30 lakhs approx.

The Committee noted that the Respondent had admitted before Income Tax Authority that the manipulations were committed by him. The Respondent submitted that admission was made under pressure. He also admitted that he had neither retracted the statement nor filed a police complaint against the office assistant who was responsible for manipulations. Regarding police complaints filed by two clients, the Respondent stated that both complaints had been withdrawn. The Committee noted the submissions of the Respondent.

Based on the documents and material available on record and after considering the verbal and written submissions of the Respondent, the Committee concluded the hearing in the matter and findings were reserved.

6.5 At the meeting held on 25th July 2026, the Committee noted that the subject case was heard by it at length in the presence of the Respondent and the hearing was concluded at its meeting held on 04th June 2026 and the Findings was reserved. The Committee considered the material on record including submissions of the Respondent. The Committee deliberated in detail on the said case and took decision on the conduct of the Respondent.

7. **Findings of the Committee: -**

7.1 The Committee noted that the charge against the Respondent, (as mentioned in para 2.1 above), is that Respondent defrauded the Income Tax Department and his clients by indulging in illegal and fraudulent practices of manipulating income-tax challans. On the day of the final hearing of the matter on 04th June 2026, the Committee noted that the Complainant was not present for the hearing and notice of listing of the case has been served upon the Complainant. Despite that, the Complainant was not present in the hearing. The notice was also sent by post and by email to the Complainant. The Committee then decided that the matter be proceeded ex-parte the Complainant and considered on merits based upon the documents/material available on record.

7.2 The Committee noted that a survey operation under Section 133A of the Income Tax Act, 1961 was conducted at the premises of the Respondent on 12.02.2018. During the survey and subsequent investigation, multiple instances were allegedly detected wherein the Respondent had collected tax amounts from clients, deposited substantially lower amounts in Government accounts, manipulated the challan counterfoils after bank stamping, and furnished such altered challans to the clients.

7.3 The Committee further noted that the Complainant Department brought on record statements of the Respondent recorded on oath under Section 131 of the Income Tax Act, 1961 on 12.02.2018, 27.03.2018 and 27.06.2018. The relevant extract of such statement on oath, are reproduced below:

***Statement of Respondent dated 27-06-2018 given on oath under section 131 before The Complainant department***

***"Q20.*** *I am showing you the Photocopies of Challans with the similar BSR code Date of Payment and Serial Number with the payee bank SBI, Margao for Rs. 4,25,000/- and 4,20,000/- in the case of M/s Jesscil and Co and Mr. Hamilton Fernandes respectively for the Assessment Year 2015-16, duly certified by your seal and signature. What do you say?*

***Ans.*** *Yes, it is my signature and seal and I have certified the same."*

***"Q21.*** *Please state, whose signature is there on the copy of challan of Rs. 4,25,000/- and 4,20,000/- as discussed above. Also state how much amount you have collected from your client.*

***Ans****. I confirm that the signature on the copy of Challan of Rs. 4,25,000/- and Rs. 4,20,000/- is mine. I have collected Rs. 4,25,000/- and 4,20,000/- from the clients towards payment of taxes for the Assessment Year 2015-16.* ***Earlier I have paid only Rs. 25,000/- and Rs. 20,000/- to the Government Account.*** *However, now I have paid the balance of Rs.4,00,000/- each in the case of Mr. Hamilton Fernandes and M/s. Jesscil and Co along with interest u/s.234B of I.T. Act in the month of February 2018 for A.Y.2015-16. In addition I have paid one more challan of Mr. Hamilton Fernandes of Rs.2,60,000/- in the month of February 2018. Further, I have paid penalty u/s. 271B of I.T. Act, 1961 of Rs.1,50,000/- each in the month of February 2018 for both the cases. Copy of challans have been submitted before you."*

***"Q22.*** *Please explain, who writes the manual challan for payment of taxes.*

***Ans.*** *I myself writes the manual challan for payment of taxes on behalf of my clients and all challan are duly filled up manually by me only."*

***"Q23.*** *Please explain how the amount differs on the challans manually filled by you and that as per OLTAS.*

***Ans. After, making payment of taxes through manual challan, I myself make changes in the counterfoil of the paid challan and the manipulated challan is handed over to the clients."***

*"**Q38.** Have you filed the revised return in cases of clients where in manipulation has been done. If yes, please explain the modus operandi for the same?*

***Ans. Yes, after filing of original return, the revised return has been filed and Clients have been given copy of original return filed, having high tax liability whereas in the revised return the tax liability has been reduced by me**."*

*"**Q39.** What is the reason for filing revised return of income of the assessee, Please explain?*

***Ans.** The revised return has been filed for the less tax liability."*

The Committee observed that in the statement dated 27.06.2018, the Respondent admitted that he himself wrote the manual challans for payment of taxes on behalf of his clients and further admitted that after making payment through manual challans, he himself altered the counterfoils and handed over the manipulated challans to the clients. Respondent also admitted to have revised the returns of those clients to pay less taxes.

7.4 The Committee further noted that the Complainant Department had placed on record copies of the confession-cum-declaration executed by the Respondent on 12.05.2018 in favour of two of his clients. The relevant extract of such confession is reproduced below:

**Confession of the Respondent dated 12-05-2018**

*"I say, and admit, that, I was wrongly and **with fully malafied intentions**, without knowledge or involvement of my client Mr Iqbal Ahmad Khan and other clients was paying very very short amount of Income Tax Challans mainly into SBI Bank Margao Branch as compared to higher amount of Income Tax payment given by Mr Iqbal Ahmad Khan by changing the figure columns and word amounts in the challans counter foil mainly after getting it stamped from the Bank."*

*"I also say that I was filing every time two Income Tax Returns since Assessment Year 2013-2014, the first Income Tax Return with manipulated wrong Income Tax Challan was filed as Original Return, and after removing the print out, I was giving the original return to the clients along with manipulated challans, but, this Original return I was getting it done automatically invalid by not sending the same copy to CPC*

*Bangalore for Processing. And soon as after original return is filed, and given to clients, without knowledge of clients, I was filing Revised return of Income Tax on the same day with whatever wrong and shorter amount of Income Tax Paid Challan and the copy of same was sending to CPC Bangalore."*

In the said declarations, the Respondent admitted that he had, with malafide intention and without the knowledge of his clients, deposited substantially lower amounts of taxes than those collected from them and manipulated the challan counterfoils after obtaining bank stamps thereon. The Respondent also acknowledged that he had filed revised returns without the knowledge of the concerned clients.

7.5 The Committee observed that the said declarations were executed on non-judicial stamp papers and formed the basis for withdrawal of police complaints lodged by the concerned clients. The Committee noted that the declarations contain a clear admission by the Respondent regarding the modus operandi adopted by him in relation to tax payments and filing of returns of his clients.

7.6 The Committee further noted that the Complainant Department had produced documentary evidence in the form of tax challans and confirmation received from the State Bank of India vide letter dated 19.01.2019. The said confirmations established that the actual amounts deposited in the Government account were substantially lower than the amounts reflected in the challan counterfoils provided by the Respondent to his clients.

7.7 The Committee observed from the record that the discrepancies established through the bank confirmations were as under:

| S. No. | Name of the Assessee | BSC Code/ Challan No. | Date of Payment | Amount as per Challan submitted by Respondent | Amount Confirmed by SBI |
|---|---|---|---|---|---|
| 1. | Romalino M Carvalho | *0000512/ 00053* | 30.10.2017 | 142500 | 2500 |
| 2. | Irene M Carvalho | *0000512/ 00054* | 30.10.2017 | 112500 | 2500 |
| 3. | Irene M Carvalho | *0000512/ 00040* | 29.09.2016 | 92000 | 2000 |
| 4. | Romalino M Carvalho | *0000512/ 00039* | 29.09.2016 | 61200 | 1200 |

7.8 The Committee considered the defence taken by the Respondent that the manipulation had been carried out by one of his office staff members and not by him personally. The Committee noted that the Respondent relied upon a letter dated 20.01.2019 purportedly issued by his employee, Mr. John D'cruz, accepting responsibility for the manipulations. However, the Committee observed that in the statements recorded on oath under Section 131 of the Income Tax Act, 1961, the Respondent had nowhere attributed the manipulations to any staff member. On the contrary, he admitted that the challans were written by him and that the alterations in the challan counterfoils were made by him personally. In answer to Question No. 23 of his statement on oath dated 27.06.2018 under Section 131 of the Act given before the Complainant Department, the Respondent stated

*"After, making payment of taxes through manual challan, I myself make changes in the counterfoil of the paid challan and the manipulated challan is handed over to the clients."*

7.9 The Committee further observed that the plea regarding involvement of the staff member was raised only subsequently during the disciplinary proceedings and was not supported by any conclusive evidence. The Respondent also admitted during the hearing that he had neither lodged any complaint nor initiated any criminal or civil proceedings against the alleged employee. The Committee further noted that the Respondent was carrying on practice through a proprietorship concern employing only three persons. The Committee also observed that in such a small establishment involving limited staff and direct supervision by the proprietor, manipulations involving numerous client matters could not have been carried out over a prolonged period without the Respondent's knowledge or involvement. The Committee therefore finds that the Respondent's subsequent attempt to attribute the misconduct to an employee is inconsistent with his own sworn admissions and lacks credibility. Being the proprietor of the firm, the Respondent was ultimately responsible for the supervision and conduct of the work undertaken in his office.

7.10 During the hearing, the Respondent reiterated that he had accepted responsibility before the Income Tax Authorities on the assurance that no further action would be initiated against him and that the Department was primarily interested in recovery of

the tax amount. The Committee also noted that the Directorate had specifically called upon the Respondent to furnish documentary evidence to substantiate his contention that he had been compelled or pressurised by the Income Tax authorities to make admissions. However, the Respondent expressed his inability to produce any such evidence and admitted that no complaint had ever been lodged by him before any authority alleging coercion or duress by the officials of the Income Tax Department. The Committee observed that if the statements recorded on oath had indeed been obtained under coercion or pressure, it would have been reasonable to expect the Respondent to immediately retract the same or to bring such alleged coercion to the notice of competent authorities. The Committee noted that no such retraction was ever made and no complaint was filed by the Respondent in this regard.

7.11 The Committee considered the Respondent's submission wherein he contended that no conclusive forensic evidence existed linking the disputed handwriting and signatures to him. The Committee further noted that the Complainant Department had obtained examination of the disputed handwriting through the Central Forensic Science Laboratory (CFSL). The CFSL report vide file no. CFSL(P)/9/DOC/4/2019/DXP-C-2/2019/2545 dated 26.12.2019 concluded that the handwriting characteristics and signatures on the disputed documents were found to be consistent with those of the Respondent stating that

***"all these characteristics are significant and found at one or other places in the signatures and they are within the range of natural variation. I do not find any fundamental differences between them. Considering the presence of characteristic similarities in handwriting characteristics without fundamental differences, I have arrived at the opinion of common authorship of the above signatures"***

Moreover, the Committee noted that the material available on record clearly indicates that the CFSL had opined in favour of common authorship and such opinion remained unrebutted by any expert evidence produced by the Respondent.

7.12 The Committee further noted the Respondent's submissions that only 106 cases involving approximately Rs. 30 lakhs were ultimately found to contain short payment of taxes and not 437 cases involving Rs. 1.26 crore as initially suspected by the Department. The Committee observed that even assuming the Respondent's

contention regarding the number of affected cases to be correct, the same does not negate the admitted acts of manipulation, fabrication of challans and filing of revised returns with reduced tax liabilities.

7.13 The Committee also considered the Respondent's submission that all taxes and interest had subsequently been paid and that there was ultimately no revenue loss to the Department. The Committee observed that the essence of the charge lies not merely in the quantum of revenue loss or the number of affected cases, but the fraudulent conduct adopted by the Respondent in the course of his professional duties. Therefore, subsequent payment of taxes, interest or completion of reassessment proceedings cannot negate the misconduct already committed.

7.14 The Committee further noted the Respondent's submission that the Income Tax Department was considering withdrawal of the complaint. The Committee observed that no formal communication withdrawing the complaint was placed on record by the Complainant Department. The Committee observed that the admissions made by the Respondent in his sworn statements, the confession-cum-declarations executed by him, the confirmations obtained from the collecting bank and the opinion of the Central Forensic Science Laboratory collectively establish a consistent chain of evidence demonstrating manipulation of tax challans and filing of returns reflecting incorrect tax payments. The Respondent's explanations are not supported by the evidence on record and do not satisfactorily explain the lapses established.

7.15 The Committee further observed that a Chartered Accountant occupies a position of trust and confidence and is expected to maintain the highest standards of integrity and professional conduct. The Committee viewed that manipulation of tax challans, furnishing altered documents to clients, filing revised returns without their knowledge and retaining differential amounts collected towards tax payments constitute conduct wholly inconsistent with the standards expected from a member of the profession. Accordingly, the Committee is of the opinion that the Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (4) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

8. **Conclusion:**

8.1 In view of the findings stated in above paras, vis-a-vis material on record, the Committee gives its charge wise findings as under:

| Charges (as per PFO) | Findings | Decision of the Committee |
|---|---|---|
| Para 2.1 as above | Para 7.1 to 7.15 as above | **Guilty-** Clause (4) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule. |

9. In view of the above observations, considering the material on record including verbal and written submissions of the parties, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (4) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

**Sd/-**
**(CMA CHANDRA WADHWA)**
**GOVERNMENT NOMINEE & PRESIDING OFFICER**

**Sd/-**
**(CA. MAHESH SHAH)**
**GOVERNMENT NOMINEE**

**Sd/-**
**(CA. SATISH KUMAR GUPTA)**
**MEMBER**

**Sd/-**
**(CA. HANS RAJ CHUGH)**
**MEMBER**

**DATE: 29.08.2026**
**PLACE: Noida**

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