

**आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई**  
**IN THE INCOME TAX APPELLATE TRIBUNAL, 'D' BENCH, CHENNAI**  
**श्री जी. मंजुनाथ, लेखा सदस्य एवं श्री अनिकेश बनर्जी, न्यायिक सदस्य के समक्ष**  
**BEFORE SHRI G. MANJUNATHA, ACCOUNTANT MEMBER**  
**AND SHRI ANIKESH BANERJEE, JUDICIAL MEMBER**

**आयकरअपीलसं./I.T.A.No.1722/Chny/2019**

(निर्धारणवर्ष / Assessment Year: 2014-15)

Mr. Yuvaraj 55A, Mullai Nagar, Kailasanathar Koil Street, Kanchipuram-631 502.	Vs	The Income Tax Officer, Ward-2, Kanchipuram.
PAN:ABSPY 8620R		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थीकीओरसे/ Appellant by	:	Mr. M.Narayanan, Retd.Addl.CIT
प्रत्यर्थीकीओरसे/Respondent by	:	Dr. S.Palami Kumar, CIT

सुनवाई कीतारीख/Date of hearing	:	07.03.2022
घोषणा कीतारीख /Date of Pronouncement	:	07.03.2022

**आदेश / ORDER**

**PER G.MANJUNATHA, AM:**

This appeal filed by the assessee is directed against order of the learned Principal Commissioner of Income Tax-2, Chennai, dated 29.03.2019 and pertains to assessment year 2014-15.

2. The assessee has raised following grounds of appeal:-

*"1. The Order of the learned Principal Commissioner of Income Tax (PCIT) is bad, illegal and lacks jurisdiction.*

*2. The learned P.C.I.T has simply followed the Audit objection raised without application of her mind.*

*3. The learned PCIT has only substituted her opinion and mind in that of the learned A.O.*

*4. The learned PCIT failed to hold the assessment as erroneous and hence prejudicial to the interests of revenue.*

*5. The learned PCIT failed to note that the assessment was a limited scrutiny one and there was no error in not considering any other point.”*

3. Brief facts of the case are that the assessee has filed his return of income for the assessment year 2014-15 on 23.12.2014 admitting total income of Rs.3,39,620/-. The case was selected for scrutiny under CASS for verification of large cash deposited into savings bank account. The Assessing Officer has completed assessment u/s.143(3) of the Income Tax Act, 1961 on 09.12.2016 and determined total income of Rs.6,56,968/- by making additions towards cash deposits made into savings bank account maintained with Federal Bank at Rs.3,17,348/-. The said case has been subsequently taken up for revision proceedings u/s.263 of the Income Tax Act, 1961 and consequently, show-cause notice dated 07.02.2019 was issued and served on the assessee and called upon to explain as to why the assessment order passed by the Assessing Officer u/s.143(3) dated 09.12.2016 shall not be revised. The learned PCIT proposed to revise the assessment order passed by the Assessing Officer on two grounds. As per the learned PCIT, the assessee has not offered any rental income from house property which he was purchased on

10.06.2013 and further, the assessee has claimed agricultural income, but there is no agricultural land in possession. Therefore, the PCIT opined that the assessment order passed by the Assessing Officer is erroneous, insofar as it is prejudicial to the interests of revenue. In response to show-cause notice, the assessee claimed that assessment order passed by the Assessing Officer is neither erroneous nor prejudicial to the interests of revenue, because case was taken for limited scrutiny and to verify large cash deposits into savings bank account and the Assessing Officer while completing assessment has examined the issue of large cash deposits as per mandate of limited scrutiny and has passed order by making certain additions towards unexplained cash deposits found in bank account. Since, the Assessing Officer does not have power to go beyond the scope of limited scrutiny to verify other issues, the PCIT cannot term the assessment order passed by the Assessing Officer as erroneous and prejudicial to the interests of revenue on other issues which was not subject matter of limited scrutiny assessment proceedings u/s.143(3) of the Act. Therefore, the assessee submitted that proposed revision of assessment

order is invalid. The learned PCIT, after considering relevant submissions of the assessee and also taken note of various facts held that the assessment order passed by the Assessing Officer u/s.143(3) of the Act, dated 09.12.2016 is erroneous, insofar as it is prejudicial to the interests of revenue and thus, set aside the assessment order and direct the Assessing Officer to redo assessment *de novo* in accordance with law. Aggrieved by the learned PCIT order, the assessee is in appeal before us.

4. The learned A.R for the assessee submitted that the learned PCIT has erred in revision of assessment order u/s.263 of the Act, without appreciating fact that when the Assessing Officer does not have any power to go beyond the issues on which assessment has been taken up for scrutiny, the PCIT cannot examine those issues and revise the assessment order u/s.263 of the Income Tax Act, 1961.

5. The learned DR, on the other hand, supporting order of the learned PCIT submitted that the learned PCIT has brought out clear facts to the effect that assessment order passed by the Assessing Officer is erroneous, insofar as it is prejudicial to

the interests of revenue and thus, there is no merit in the arguments of the assessee that the learned PCIT has erred in revision of assessment order u/s.263 of the Act.

6. We have heard both the parties, perused material available on record and gone through orders of the authorities below. We find that the assessment for the impugned assessment year has been taken up for limited scrutiny to verify large cash deposits into savings bank account and the Assessing Officer has completed assessment after verifying cash deposits in savings bank account and has made additions, when the assessee was unable to explain source for part of cash deposits. It is an admitted position of law that in limited scrutiny assessments, scope of verification is limited to the issues mentioned in the notice issued under CASS system. The Assessing Officer cannot travel beyond the issues on which assessment has been taken up for scrutiny. Therefore, once the Assessing Officer does not have power to go beyond the issues on which he has taken up case for scrutiny, then obviously, the learned PCIT cannot term the assessment order passed by the Assessing Officer as

erroneous, insofar as it is prejudicial to the interests of revenue on issues other than the issue taken up by the Assessing Officer in scrutiny assessment proceedings. In this case, on perusal of materials available on record, we find that the learned PCIT has revised assessment order on the issues other than the issue considered by the Assessing Officer in assessment proceedings. Therefore, we are of the considered view that the learned PCIT has exceeded her jurisdiction in examining issues other than the issues which is subject matter of limited scrutiny assessment proceedings before the Assessing Officer. Hence, we are of the considered view that revision order passed by the learned PCIT u/s.263 of the Act is invalid and not sustainable. Hence, we quash order passed by the learned PCIT u/s.263 of the Act.

7. In the result, appeal filed by the assessee is allowed.

Order pronounced in the open court on 7<sup>th</sup> March, 2022

Sd/-  
(अनिकेश बनर्जी)  
(Anikesh Banerjee)  
न्यायिक सदस्य /Judicial Member  
चेन्नई/Chennai,  
दिनांक/Dated 7<sup>th</sup> March, 2022  
DS

Sd/-  
(जी. मंजुनाथ)  
(G.Manjunatha)  
लेखा सदस्य / Accountant Member

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. Appellant
2. Respondent
3. आयकर आयुक्त (अपील)/CIT(A)
4. आयकर आयुक्त/CIT
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF.