

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

I.T.A. No. 47/Ran/2022 (Assessment Year-2017-18)

(Virtual Hearing)

Shiv Shambhu Iron & Steel Private Limited, Draupadi Bhawan, Station Road, Jugsalai, Jamshedpur-831001. PAN No. AALCS 7663 M	Vs.	Pr.CIT, Ranchi.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri Akshay Ringasia, C.A.
Department represented by	Shri Shrawan Kumar, CIT-DR
Date of hearing	05/03/2025
Date of pronouncement	28/03/2025

ORDER

PER: BENCH

1. This appeal by the appellant is directed against the order of the learned Principal Commissioner of Income Tax, Ranchi [in short, the Id. PCIT] passed under Section 263 of the Income Tax Act, 1961 (in short, the Act) dated 03/03/2022 for the Assessment Year (AY) 2017-18 by raising following grounds of appeal:

- "1. That the Ld. PCIT erred in law and in fact in setting aside the order of the Ld. AO under Section 143(3) by invoking revisionary jurisdiction under section 263.
2. That the Ld. PCIT erred in invoking revisionary jurisdiction under section 263 on the basis of a proposal sent to him without suo motu calling for and examining the record of assessment.
3. That the Ld. PCIT erred in concluding the assessment order to be erroneous with respect to truck expenses of INR 9,62,826/- when all the necessary records and proofs thereof was submitted before him by simply observing that no records were submitted.
4. That the Ld. PCIT erred in directing the AO to make enquiry into the unsecured loan when the same was never a part of show cause notice and even fails to find reference in the order of Ld. PCIT whatsoever.

5. *That in terms of above grounds, the order of the Ld. PCIT under section 263, setting aside the original assessment under section 143(3) is bad in law and deserves to be quashed in toto*
 6. *That the assessee cleave to add, alter or amend any ground before or at the time of hearing."*
2. Facts of the case, in brief, are that the appellant filed its return of income for the A.Y. 2017-18 electronically on 21/10/2017 declaring income at ₹ 65,97,030/-. It is mentioned in the assessment order passed under Section 143(3) of the Act dated 09/12/2019 that during the year under consideration, the appellant was doing business of wholesale and retail trade of iron and scrap. Return was processed under Section 143(1) of the Act and thereafter case was selected for complete scrutiny assessment through Computer Assisted Scrutiny Selection (CASS). After issuance of statutory notices under Section 143(2) and 142(1) of the Act, the income of appellant was assessed on the same income of ₹ 65,97,030/- as declared by the appellant. Subsequently, the Id. PCIT vide impugned order passed under Section 263 of the Act dated 03/03/2022, set aside the assessment order passed by the AO under Section 143(3) of the Act dated 09/12/2019 with a direction to the AO to make fresh assessment order after making proper enquiries in respect of 'truck expenses' and 'unsecured loans' on the grounds that the Assessing Officer has failed to verify the same without conducting any enquiry and therefore, the assessment order passed under Section 143(3) of the Act was erroneous and prejudicial to the interests of revenue.
3. Aggrieved by the order under Section 263 of the Act dated 03/03/2022, the appellant has raised the above grounds of appeal. During the course of hearing before us, it was submitted by the appellant that the Id. PCIT has erred in assuming jurisdiction under Section 263 of the Act without taking suo motu

cognizance and without calling and examining the assessment record and claimed that all necessary documents and evidences regarding the truck expenses were submitted before him. Regarding unsecured loan, the same was never part of show cause notice and even failed to find reference in the order of the Id. PCIT. According to the Id. AR of the appellant, Section 263 provides that the PCIT may call for and examine the record of any proceeding under this Act, if he considers that any order passed therein by the Assessing Officer is erroneous in so far as it is prejudicial to the interests of revenue, he may, after giving the assessee an opportunity of being heard and after making or causing to be made such enquiry as he deems necessary, pass such order thereon as the circumstances of the case justified. However, in this case, the Id. PCIT has invoked revisionary jurisdiction under Section 263 of the Act not on his own motion but on the proposal from the Assessing Officer which is against the provisions of Section 263 of the Act and therefore, need to be quashed. The Id. AR of the assessee in his written submission, also placed reliance on decisions of the various courts and Tribunals in support of its claim.

4. To verify the contention of the appellant's counsel, the department was asked by this Bench vide its order dated 28/01/2025 to produce assessment records alongwith submission of the revenue on this aspect. In response to the above direction, the revenue vide its letter dated 14/02/2025 submitted all the details as required by this Bench. On going through the above record, we have found that though there are internal communication between the Assessing Officer and the office of the Id. PCIT, it is not correct to say that the Id. PCIT has assumed jurisdiction under Section 263 of the Act on the basis of recommendation of the

Assessing Officer. The Id. PCIT has, after following the due process, found that no enquiry was made by the Assessing Officer to verify the genuineness of the expenses claimed by the appellant, therefore, as provided in the Explanation (2) of Section 263 of the Act, the Id. PCIT has rightly invoked the provision of Section 263 and set aside the order passed by the Assessing Officer being erroneous in so far as it is prejudicial to the interests of revenue

5. We, thus, find that there is no merit in the argument of the Id. Authorised Representative of the appellant. The grounds of appeal raised by the appellant are, therefore, dismissed. The case laws on which reliance was placed by the Id.AR of the assessee were not found to be applicable in this case on the given set of facts.
6. In the result, this appeal of assessee is dismissed.

Order announced in open court on 28th March, 2025.

Sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Ranchi, Dated: 28/03/2025

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi