

**IN THE INCOME TAX APPELLATE TRIBUNAL,
CHANDIGARH BENCHES, "SMC" CHANDIGARH**

HEARING THROUGH: PHYSICAL HEARING

BEFORE: SHRI. LALIET KUMAR, JUDICIAL MEMBER

आयकर अपील सं. / ITA No. 66 & 67 /Chd/2025

निर्धारण वर्ष / Assessment Year : 2015-16 & 2016-17

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| The Garoh Co-operative Agricultural Service Society Limited C/o Tejmohan Singh, Advocate, # 527, Sector 10-D | बनाम | The ITO Ward- Dharamshala |
| स्थायी लेखा सं./PAN NO: AACAT6299H | | |
| अपीलार्थी/Appellant | | प्रत्यर्थी/Respondent |

निर्धारिती की ओर से/Assessee by : Shri Tejmohan Singh, Advocate
राजस्व की ओर से/ Revenue by : Dr. Ranjit Kaur, Addl. CIT, Sr. DR

सुनवाई की तारीख/Date of Hearing : 09/07/2025
उदघोषणा की तारीख/Date of Pronouncement : 10/07/2025

आदेश/Order

PER LALIET KUMAR, J.M:

Both the above appeals were filed by the assessee and heard together; therefore, they are being disposed of by this consolidated order. We shall first address the appeal in ITA No. 66/Chd/2025 for the Assessment Year 2015-16.

2. This appeal by the assessee is directed against the order dated 21.11.2024 passed by the Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi under Section 250 of the Income Tax Act, 1961, for the A.Y. 2015-16.

3. In the present appeal Assessee has raised the following grounds:

1. That the notice issued w/s 148 of the Act dated 31.03.2022 by the Jurisdictional Assessing Officer is illegal in view of the notifications dated 28.03.2022 and 29.03.2022 which states that the notice under section 148 of the Act shall be issued through automated allocation only and the Ld. Jurisdictional Assessing Officer is not at legally competent to issue notice under section 148 of the Act as the same was required to be issued by National Faceless Assessment Centre and as such the proceedings initiated are illegal, arbitrary and unjustified.

2. That the notice issued u/s 148 is barred by limitation in as much as the same is issued beyond the prescribed period and as such the proceedings initiated are illegal, arbitrary and unjustified.

3. *Without prejudice to the above, the Ld. Commissioner of Income Tax(Appeals) has erred in law as well as of facts in upholding the disallowance of deduction of Rs.1,32,992/- claimed u/s 80P of the Act when no such disallowance was made in the assessment order but was made only in the attached computation sheet and as such the order passed is arbitrary and unjustified.*

4. *That the Ld. Commissioner of Income Tax(Appeals) has erred in holding that the Assessing Officer was not required to issue a show cause/ draft assessment order before passing the assessment order which is arbitrary and unjustified.*

5. *That the Ld. Commissioner of Income Tax(Appeals) has further erred in holding that the assessee was not eligible to claim deduction u/s 80P of the Act as the assessee had not filed its return u/s 139(1) but was claimed only in response to notice u/s 148 which is arbitrary and unjustified.*

6. *That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off.*

7. *That the order of Ld. Commissioner of Income Tax(Appeals) Officer is arbitrary, opposed to the facts of the case and thus untenable*

4. Briefly, the facts of the case are that the assessee is a registered co-operative society. The case was reopened under Section 147 on the basis of information available under the Non-Filers Monitoring System (NMS) that the assessee had entered into substantial financial transactions during the relevant previous year but had not filed its return of income under Section 139(1).

4.1 A notice under Section 148 dated 31.03.2022 was issued by the Jurisdictional Assessing Officer. Reassessment proceedings culminated in an order passed under Section 147 r.w.s. 143(3) on 15.03.2023, wherein deduction under Section 80P was disallowed and income was assessed at Rs.1,32,990/-. The assessee challenged the reopening as being without jurisdiction and barred by limitation.

5. The assessee preferred the appeal before the Ld. CIT(A) and thereafter the present appeal is being filed before the Tribunal.

6. At the outset the Ld. AR for the assessee has submitted that the notice under Section 148 dated 31.03.2022 was issued manually by the Jurisdictional AO, in violation of CBDT Notification Nos. 18/2022 and 19/2022, which mandated that such notices be issued only via automated allocation by NFAC. The Ld. AR

relied upon the following decisions given in the case of Jatinder Singh Bhangu v. UOI 165 taxmann.com 115 ,Jasjit Singh v. UOI, 165 taxmann.com 114 ,Desh Bandhu Gupta v. ITO, CWP No. 11302/2025 and Puneet Saggur v. ITO, ITA No. 505/Chd/2024.

6.1 Further, it was submitted that the reassessment is also barred by limitation as held by the Hon'ble Supreme Court in Union of India v. Rajeev Bansal [(2023) 167 taxmann.com 70 (SC)], where the Court held that for AY 2015-16, any notice issued after 01.04.2021 is not sustainable.

7. The Ld. DR relied upon the orders of the lower authorities, and submitted that the reopening was based on tangible material and validly exercised under Section 147. It was submitted that the assessee had not filed a return, and hence, there was justification for invoking reassessment provisions. No specific rebuttal was offered to the legal argument regarding CBDT Notification or the binding judgments of the Hon'ble High Court and Supreme Court.

8. I have considered the submissions and examined the records. It is not in dispute that the notice under Section 148 was issued manually by the Jurisdictional AO on 31.03.2022. As per CBDT Notification No. 18/2022 dated 28.03.2022 and Notification No. 19/2022 dated 29.03.2022, all such notices were required to be issued only through automated allocation by NFAC. In Jatinder Singh Bhangu (supra), the Hon'ble Punjab & Haryana High Court held "The jurisdictional AO loses the authority to issue notice under Section 148 manually after the issuance of CBDT Notification dated 29.03.2022.". Furthermore, the Hon'ble Supreme Court in Union of India v. Rajeev Bansal held in Para 19(f): "Revenue has conceded that for Assessment Year 2015-16, all notices issued on or after 1st April 2021 will have to be dropped as they will not fall for completion during the period prescribed under TOLA." Lastly, the Coordinate Bench in the case of Puneet Saggur v. ITO [ITA No. 505/Chd/2024] has also quashed such reassessment orders based on similarly issued invalid notices.

8.1 In the light of the above, I am of the opinion that the notice issued u/s 148 dated 31.03.2022 is both time-barred and jurisdictionally invalid, and the consequential reassessment order passed u/s 147/143(3) dated 15.03.2023 is liable to be quashed.

9. In the result, the appeal of the assessee is allowed.

10. Now we shall deal with the appeal of the Assessee in ITA No. 67/Chd/2025 pertaining to Assessment Year 2016-17.

11. This appeal by the assessee is directed against the order dated 13.11.2024 passed by the Ld. CIT(A), NFAC, Delhi under Section 250 of the Income Tax Act, 1961, for the A.Y. 2016-17.

12. In this appeal Assessee has raised the following grounds:

1. *That the notice issued w/s 148 of the Act dated 29.03.2023 by the Jurisdictional Assessing Officer is illegal in view of the notifications dated 28.03.2022 and 29.03.2022 which states that the notice under section 148 of the Act shall be issued through automated allocation only and the Ld. Jurisdictional Assessing Officer is not at legally competent to issue notice under section 148 of the Act as the same was required to be issued by National Faceless Assessment Centre and as such the proceedings initiated are illegal, arbitrary and unjustified.*

2. *That the notice issued u/s 148 is barred by limitation in as much as the same is issued beyond the prescribed period and as such the proceedings initiated are illegal, arbitrary and unjustified.*

3. *That the Ld. Commissioner of Income Tax (Appeals) has further erred in law in upholding the initiation of proceedings u/s 147 in as much as the assessee has not made any investment in excess of Rs. 50 lacs which is a condition precedent for reopening of return as per explanation to 4th proviso to Section 149 and as such the order upheld is illegal, arbitrary and unjustified.*

3. *Without prejudice to the above, the Ld. Commissioner of Income Tax (Appeals) has erred in law as well as of facts in upholding the disallowance of deduction of Rs.10,98,772/- claimed u/s 80P(2)(d) of the Act and as such the order passed is arbitrary and unjustified.*

5. *Strictly in the alternative and without prejudice to Ground No. 4, the Ld. Commissioner of Income Tax (Appeals) has further erred in holding that the assessee was not eligible to claim expenses u/s 57 of the Act against the FDR income which has been assessed u/s 56 of the Act which is arbitrary and unjustified.*

6. *That the appellant craves lave to add or amend the grounds or appeal before the appeal is finally heard or disposed off.*

7. That the order of Ld. Commissioner of Income Tax (Appeals) Officer is arbitrary, opposed to the facts of the case and thus untenable.

13. The case of the assessee was reopened under Section 147 on the basis of INSIGHT portal information reflecting cash deposits of Rs. 60,75,800/- in the assessee's IDBI Bank account, without any return filed under Section 139(1). A notice under Section 148 dated 29.03.2022 was issued by the Jurisdictional AO, and reassessment order was passed on 15.03.2024 assessing total income at Rs.11,31,541/- and disallowing the claim under Section 80P(2)(d).The assessee challenged the reopening as being without jurisdiction and barred by limitation.

14. The assessee preferred the appeal before the Ld. CIT(A) and thereafter the present appeal is being filed before the Tribunal.

15. At the outset Ld. Counsel submitted that the notice u/s 148 dated 29.03.2022 was issued manually by the jurisdictional AO, contrary to CBDT Notification Nos. 18/2022 & 19/2022, which mandated issuance via automated NFAC allocation. That such notice is jurisdictionally invalid, and the reassessment based thereon is liable to be quashed. He placed reliance on:*Jatinder Singh Bhangu v. UOI* 165 taxmann.com 115, *Desh Bandhu Gupta v. ITO*, CWP No. 11302/2025 and *Puneet Saggur v. ITO*, ITA No. 505/Chd/2024.

16. The Ld. DR, on behalf of Revenue, relied upon the orders of the lower authorities, asserting that the AO was justified in initiating reassessment in light of specific third-party information and unexplained bank deposits. However, no defense was provided to the contention regarding violation of the CBDT Notification or the automation requirement.

17. I heard the rival contention of the parties and perused the material available on the record. It is undisputed that the notice under Section 148 was manually issued on 29.03.2022. As held by the Hon'ble Punjab & Haryana High Court in *Jatinder Singh Bhangu* and *Desh Bandhu Gupta*, such manual issuance is void ab initio after the automation instructions of CBDT dated 29.03.2022. Recently, In *Puneet Saggur v. ITO*, ITAT Chandigarh held: "Where the issuance of

notice is in violation of the procedure prescribed by CBDT under Section 144B, such a defect is jurisdictional. The reassessment proceedings are invalid."

18. In view of the abovesaid discussion, I am of the considered opinion that the notice issued under Section 148 dated 29.03.2022 being in violation of binding CBDT instructions and judicial precedents, is held to be jurisdictionally invalid. Consequently, the reassessment order dated 15.03.2024 is quashed.

19. In the result, both the above appeals are allowed.

Order pronounced in the open Court on 10/07/2025.

Sd/-

**(LALIET KUMAR)
JUDICIAL MEMBER**

AG

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar