

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "SMC": NEW DELHI
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 4052/Del/2025
(Assessment Year: 2017-18)

Sonia Kapoor, F-17, Arya Nagar, CGHS, Patparganj, Delhi-110092	Vs.	Income Tax Officer, Ward-69(1), New Delhi
PAN: AKWPK6530H		

Assessee by :	Shri Sanjiv Sapra, CA
Revenue by:	Shri Manoj Kumar, Sr. DR
Date of Hearing	12/08/2025
Date of pronouncement	27/08/2025

ORDER

1. The appeal in ITA No.4052/Del/2025 for AY 2017-18 arises out of the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] in Appeal No. ITBA/NFAC/S/250/2025-26/1076359037(1) dated 21.05.2025 against the order of assessment passed u/s 147 r.w.s. 144B of the Income-tax Act, 1961 dated 09.03.2022 (hereinafter referred to as 'the Act') by ITO, Ward-69(1), New Delhi (hereinafter referred to as 'Id. AO').

2. The assessee has challenged vide Ground Nos. 1 a. to f. the validity of assumption of jurisdiction u/s 147 of the Act by the Id AO. The reasons recorded for the assessment are enclosed in pages 24 to 26 of the paper book, which reads as under: –

I.T.N.S. 10

**FORM FOR RECORDING REASONS FOR INITIATING PROCEEDINGS U/S 147 AND
FOR OBTAINING SANCTION U/S 151 OF IT ACT, 1961.**

1	Name & Address of the Assessee	Smt. Sonia Kapoor F-17 Arya Nagar CGHS, Patpar Ganj Delhi-110092
2	PAN/GIR No.	AKWPK6530H
3	Status	Individual
4	District / Circle	ITO, Ward 69(1) New Delhi
5	Assessment Year in respect of which it is proposed to issue notice u/s.148	A.Y.2017-18
6	The quantum of income which has escaped assessment.	Rs. 9,60,000/-
7	Whether the provisions of section 147(a) or 147(b) are applicable or both the sections are applicable	Yes, provisions of Sec. 147(b) of the Income Tax Act, 1961 are applicable.
8	Whether the assessment is proposed to be made for the first time. If the reply is in affirmative, please state (a) Whether any voluntary return has already been filed; and (b) If so, the date of filing the said return	Yes Yes 26-07-2017
9	If the answer to item 8 is in the negative please state (a) The income originally assessed (b) Whether it is a case of under assessment, assessment at too low rate, assessment which has been made the subject of excessive relief or allowing of excessive loss or depreciation	N.A.
10	Whether the provisions of section 150(1) are applicable. If the reply is in the affirmative the relevant facts may be stated against item no. 11 and it may also be brought out that provisions of section 150(2) would not stand in the way of initiating proceedings u/s. 147.	No
11	Reasons for the belief that income has escaped assessment Brief details of the assessee: The assessee is an Individual and the PAN is presently lying with this office. . 2. Brief details of information: In this case information was received from the DIT(I&CI), Delhi that during the F.Y.2016-17 the assessee has purchased a house property for a price of Rs. 13,00,000/- and has paid Rs. 9,60,000/- in cash as part of purchase price. The amount of cash payment was made from undisclosed sources.	

3. **Analysis of Information:** The ITR of the assessee for the AY 2017-18 has been downloaded from the e-filing portal and noted that the same has been filed on 26.07.2017 at a total income of Rs. 776690/-. The cash payment was made out of the sources which are not disclosed in the ITR.

4. **Finding of AO:** The assessee has filed its ITR for the AY 2017-18 but has not reported any such income for taxation therefore the amount of Rs. 9,60,000/- being the cash payment for purchase of property remained untaxed.

5. **Basis of forming reason to believe:** Considering the facts of the case, statutory provisions and on the basis of examination of record available on ITBA and inquiries conducted, I have reason to believe that there has been escapement of income to the tune of Rs. 9,60,000/- chargeable to tax for the AY 2017-18. Hence, it is a fit case for initiation of proceedings in terms of section 147 of the Act.

6. **Applicability of provisions of section 147/151 to the facts of the case:** The ITR for the AY 2017-18 was filed but the case was not taken up for scrutiny assessment therefore the only requirement to initiate proceedings u/s 147 of the Act is reasons to believe which has been recorded in above Para. In view of the facts noted above, the provisions of clause (b) of explanation 2 to section 147 are applicable to the facts of the case and the assessment year under consideration is deemed to be a case where income chargeable to tax has escaped assessment.

7. The given case pertains to a period where four years from the end of the relevant assessment year has not passed, therefore, as per the amended provisions of the section 151 of the Act w.e.f. 01.06.2016 at the time of issue of notice u/s 148 of the Act, prior approval of the Addl.CIT is mandatory.

7.1 The case is put up for due approval of the Addl. CIT, Range-67, New Delhi for issuance of notice u/s 148 of the Act for the AY 2017-18.

Dated:- 25/3/21

L. Tulian
(Laxmikant Tulian)
Income Tax Officer,
Ward 69(1), New Delhi

17 Whether the Addl. CIT, Range-67 is satisfied on the reasons recorded by the AO, that it is a fit case for the issue of a notice u/s 148 of the Income Tax Act, 1961

I am satisfied that an income of Rs. 9,60,000/- has escaped assessment and it is a fit case for re-opening u/s 147 & 148 of the IT Act 1961.

Sanjay Tripathi
(Sanjay Tripathi)
Addl. Commissioner of Income Tax
Range- 67, New Delhi

3. On perusal of the said reasons, it could be seen that the Id AO had formed a belief that income of ₹9,60,000/- had escaped assessment being alleged cash payment made for purchasing the property by the assessee. I find that ultimately re-assessment was framed u/s 147 r.w.s. 144B of the Act on 09.03.2022, wherein no addition on account of ₹9,60,000/- was made on account of purchase of property. Other than ₹9,60,000/-, some other additions were made in the sums of ₹65,100/- and Rs. 75,000/- by the Id AO. I hold that when the reasons for which the assessment of the assessee had been sought to be reopened does not find place ultimately in the reassessment order, then the very basis of formation of belief by the Id AO vanishes and consequentially the belief of the Id AO that income of the assessee had escaped assessment vanishes in thin air. Even if portion of addition of ₹9,60,000/- being alleged cash payment made for purchase of property is added finally in the reassessment order, then the Id AO is entitled to proceed to make further addition on some other issues. But if no addition is made for the issue which is mentioned in the reasons recorded, either wholly or in part, then the entire formation of belief fails and consequentially the entire reassessment proceedings would have to be declared as void ab initio. This view of mine is further fortified by the decision of the Hon'ble Jurisdictional High Court in the case of Ranbaxy Laboratories Vs. CIT reported in 336 ITR 136 (Del). Similar view was expressed by the Hon'ble Bombay High Court in the case of CIT Vs. Jet Airways Pvt. Ltd reported in 331 ITR 236 (Bom) and by Hon'ble Madras High Court in the case of Martech Peripherals P. Ltd. v. Deputy Commissioner of Income-tax reported in 394 ITR 733 (Mad). Respectfully following the same, I have no hesitation in quashing the reassessment proceedings framed for the assessment year 2017-18. Since the reassessment is quashed on this limited ground, the adjudication of other legal grounds and other grounds on merits becomes academic and they are

left open. Accordingly, the grounds raised by the assessee on the validity of reopening is allowed.

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

Order pronounced in the open court on 27/08/2025.

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 27/08/2025
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi