

IN THE INCOME TAX APPELLATE TRIBUNAL 'GUWAHATI' BENCH, GUWAHATI

**BEFORE SHRI RAJESH KUMAR, AM
AND**

SHRI MANOMOHAN DAS, JM

ITA Nos. 126 & 127/GTY/2025

(Assessment Years:2016-17 & 2017-18)

DCIT
Room No. 617, Aaykar Bhavan,
GS road Guwahati-781005,
Assam

(Appellant)

Vs.

Sankha Press Pvt. Ltd
1,13, Green Path Jugasankha
Building, GS Road, Ulubari,
Guwahati, Assam, Guwahati-
781007, Assam

(Respondent)

PAN No. BLLPS3371K

CO Nos. 4 & 5/GTY/2025

(Assessment Year:2016-17 & 2017-18)

Sankha Press Pvt. Ltd
1,13, Green Path Jugasankha
Building, GS Road, Ulubari,
Guwahati, Assam, Guwahati-
781007, Assam

(Applicant)

Vs.

DCIT
Room No. 617, Aaykar Bhavan,
GS road Guwahati-781005,
Assam

(Respondent)

PAN No. BLLPS3371K

Assessee by : Shri Soumitra Choudhury, AR
Revenue by : Shri Kaushik Ray, DR

Date of hearing: 22.07.2025

Date of pronouncement: 28.08.2025

ORDER

Per Rajesh Kumar, AM:

These appeals preferred by the Revenue and COs by the assessee are against the orders of the Commissioner of Income-tax (Appeals), Guwahati (hereinafter referred to as the "Ld. CIT(A)") even dated 20.01.2025 for the A.Ys. 2016-17 & 2017-18.

ITA No. 126/GTY/2025 & CO No. 4/GTY/2025

2. The issue raised in ground no.1 in the Revenue's appeal is against the deletion of addition of ₹2,04,423/- as made by the Id. AO on account of profit on sale of motor vehicle. The assessee in CO No. 4/GTY/2025 has also raised ground no.2 in support of the Id. CIT (A) order deleting the addition.
3. The facts in brief are that the Id. AO, during the course of assessment proceedings, noted that assessee had credited a sum of ₹2,04,423/- to the profit and loss account which was deducted from the total business income of the assessee while filing the return of income and no corresponding income was offered to tax. Accordingly, a show cause notice was issued to the assessee by the AO which was replied by the assessee by submitting that the profit on sale of motor car has been reduced from the business income in the computation of total income because block of depreciable assets did not cease to exist as the entire sale consideration of sale of vehicle had been adjusted and reduced from the said block of asset depreciable at 15% depreciation. However, the Id. AO added the amount to the income of the assessee on the ground that the assessee has failed to furnish any evidences in that regard.
4. In the appellate proceedings, the Id. CIT (A) allowed the appeal of the assessee after taking into account the assessee's explanation as the motor car sold was part of the depreciable assets and entire sale prices of ₹3,85,000/- was adjusted in the schedule of depreciation. The Id. CIT (A) noted that since the block of assets (Motor Car) having rate of depreciation at 15% did not cease to

exist, the profit shown in Profit and Loss account on account of sale of motor vehicle was adjusted in the return of income by reducing the said profit from the net profit as per books to arrive at a total income for the tax purposes. The Id. CIT (A) accordingly allowed the issue by directing the Id. AO to delete the addition having considered the factual matrix of the issue. Therefore, we are inclined to uphold the order of Id. CIT (A) on the issue as the block of assets qua the vehicle is still continuing in the books and has not ceased to exist and the consideration received by the assessee has been reduced from the block of assets. Accordingly, we uphold the order of Id. CIT (A) by dismissing the appeal of the Revenue. The Ground no.1 of Revenue's appeal is dismissed and ground no.2 of assessee's CO is allowed.

5. The issue raised in ground 2 and 3 of Revenue's appeal is against the order of Id. CIT (A) deleting the addition of ₹3,99,92,042/- as made by the Id. AO u/s 69C of the Act and ₹1,89,15,088/- as unexplained expenditure in relation to import purchases. The assessee has also raised ground no.3 in Cross Objection supporting the order of the Id. CIT (A), deleting these additions.
6. The facts in brief are that the Id. AO noted from the ITS Data that assessee had made import purchases of different types of news and reels for different specifications and accordingly assessee was called upon to provide the copy of ledger account stating along with invoices nos. and dates, names of the parties and country, description of items, invoice value, amounts included in purchases in ITR, Difference ,if any, and reasons for difference, assessable value for custom, Duty paid, however the assessee did not furnish any reply. The Id. AO noted on the basis of reply of the assessee dated 24.12.2018, that assessee submitted a chart claiming to be

a chart of purchases made from M/s Poddar Group Ltd. stating therein about the total purchases of ₹4,54,25,586/- which could not be verified in absence of any documentary evidences. Finally, the notice u/s 133(6) of the Act was issued to Poddar Group Ltd. for confirmation. The Id. AO also noted that the assessee has not furnished any information regarding the remaining amount of import purchases as reported by the CBEC of ₹3,99,92,042/- and since, no evidences were furnished by the assessee, therefore, same was treated as unexplained expenditure and added to the income of the assessee.

7. Similarly, the assessee paid freight expenses of ₹1,70,83,525/-, insurance of ₹9,60,948/- landing charges of ₹8,70,615/- as reported by CBEC Import Export data for which no details were filed by the assessee.
8. In the appellate proceedings, the Id. CIT (A) allowed the appeal of the assessee by observing and holding as under: -

"(iii) In Ground No. 3 & 5, the assessee challenged the addition of Rs. 3,99,92,042/- as Unexplained Expenditure in the form of import of newspapers and further addition of Rs. 1,89,15,088/-, against the import-related expenses.

The AO, in the assessment order, noted that in terms of information received by him, it clearly had shown that the assessee had imported goods, whose invoice value was Rs. 8,54,17,628/- and assessed value, by the Customs Authorities was for Rs. 8,79,32,198/-. During the assessment stage, the assessee denied that it had made any import of newspapers and claimed that, one Poddar Global Ltd. of 20, Engineers' Enclave, 2nd Floor, Harsh Vihar Crossing, Pitampura, New Delhi - 110 034 and having a local address at Howrah, Kolkata, had actually used the import-export code allotted to the assessee for making imports of newspapers from outside the country through shipping through Kolkata Port. They claimed that in the books of accounts, the assessee Company had debited purchase of imported newspapers from M/s. Poddar Global Ltd, for a sum of Rs. 4,54,25, 586/- of invoice value of newspapers and also amounts for the relevant cost of Customs Clearance charges, freight, demurrage, detention charges, bank charges, insurance premium and financial & carrying cost, labour and handling charges and other miscellaneous charges, relating to import of good were reimbursed by the assessee to the said Poddar Global Limited. The assessee claimed that they have not separately made any payment towards the other cost, related to import,

other than the bills raised by Poddar Global Ltd and such expenditure relating to imports was actually borne by Poddar Global Ltd., which was reimbursed to such Company to the extent of actual volume of newsprints purchased from the said Company. The AO was not satisfied with such explanation, as imports were certified by the Customs Authority to have been made through the import-export code of the assessee, Therefore, he made an addition of Rs. 3,99,92,042/-, being the difference of the value of import, as reflected in the CBEC data for Rs. 8,54,17,628/- and the amount claimed by the assessee to have been purchased, for Rs. 4,54,25,586/-. The AO also held that the related expenses of Rs. 1,89,15,088/- was also Unexplained Investment of the assessee for import of goods.

During the appeal, the assessee submitted a clarificatory letter, issued by the Poddar Global Ltd. on 09/08/2019 (this letter was issued after the order was passed on 28/12/2018 and was presented only during the appeal stage). In such letter, the Poddar Global Ltd. clarified that the import of newsprint is a restricted item and only the actual holders, who hold registration certificate issued by the Registrar of Newsprints for India, under Ministry of Information & Broadcasting, New Delhi, are eligible to import newsprints, as per notifications issued by the Ministry of Commerce, New Delhi. Therefore, the said Poddar Global Ltd. claimed that they have imported newsprint and sold the same to the assessee through Customs'-bonded warehouses and cleared from Customs under the Import-Export Code of the assessee. The said Poddar Global Ltd. also clarified that the payment to the foreign parties is done from their end and all transit costs and other subsequent costs are borne by them, like, freight, insurance, landing charge, cargo handling charges etc.

The imported goods are stored and held by them at their warehouse and are reflected in their balance sheet as stock of goods. However, bills are raised for service charges separately to the customers, whose import-export code are used for clearing of the goods from such warehouses and thus, the name of the assessee is reflected in the information passed on, by the Olo. CBEC. The said Poddar Global Ltd. also clarified that during the FY 2015-16, an aggregate quantity of 2396.793 metric tonnes of newsprints were released from Customs Authorities, with an assessable amount of Rs. 8,79,32,197/-, using the IEC of the assessee. However, they confirmed that, in actuality, they had supplied only 1085.108 metric tonnes of newsprints, worth Rs. 4,70,30,144/- through 20 nos. of debit notes. The remaining quantity was supplied by the said Poddar Global Ltd. to the assessee Company during the very next year, i.e., FY 2016-17. They further clarified that the same process kept on going in the years that followed after FY 2015-16. The assessee submitted copies of their agreement of purchase as entered with Poddar Global Ltd. and copies of letters, issued by Poddar Global Ltd. to the Assistant Commissioner of Customs (Import Bonding) at Kolkata, where they certified that the consigned goods will be supplied to Sankha Press (P) Ltd., by paying an additional 2 per cent duty on actual duty for clearance on various separate dates, as have been imported through shipping vessels on different dates. The Rot No., Line No., WR No., and Bond No. were also included in such letter to Assistant Commissioner of Customs, for the change of ownership of the goods imported, from the name of Poddar Global Ltd. to Sankha Press (P) Ltd.

On perusal of the submitted documents, copies of agreements, certificates, letters issued to Customs Authority, bills issued by Poddar Global Ltd., the contention of the assessee is accepted and I hold that, both the additions made as Undisclosed Investments in the form of imports and import-related expenses, as assessed by the AO for a sum of Rs. 3,99,92,042/- and Rs. 1,89,15,088/- respectively are not called for.

The AO is directed to delete both the additions made u/s. 69C of the Act and the Ground Nos. 3 & 5 are decided in favour of the assessee."

9. After hearing the rival contentions and perusing the materials available on record, we find that the Id. CIT (A) had dealt with this issue in a very detailed and comprehensive manner and also took into account the clarification issued by the Poddar Group on 09.08.2019 confirming the transactions with the assessee and a very detailed explanation was offered which has been extracted above. We find that the Id CIT(A) after taking into account the facts including clarification issued by Poddar Group and documents submitted by the assessee comprising copies of agreements, certificates, letters issued to Customs Authority, bills issued by Poddar Global Ltd., the contention of the assessee had been accepted and recorded a detailed findings of facts taking a reasoned and correct view. Accordingly, we do not find any infirmity in the order of Id. CIT (A) and therefore, the same is upheld on this issue by dismissing the ground no. 2 and 3 of Revenue's appeal and by allowing ground no.3 and 4 of Cross Objection of the assessee.
10. The issue raised in ground no.4 in Revenue's appeal is against the restricting the disallowance of Rs. 29,04,610/- being 10% ₹2,90,64,156/- as made by the Id. AO towards writers remuneration of Rs. 2,90,64,156/-and assessee in cross objection's ground no.5 challenged the part sustaining the addition.

11. The facts in brief are that the Id. AO disallowed ₹2,90,64,156/- incurred by the assessee on account of writer's remuneration when the assessee failed to furnish any books of account before the Id. AO for inspection. The Id. AO noted that majority of the entries were either in cash or by way of cheques drawn to self and hence, this disallowance.
12. In the appellate proceedings, the Id. CIT (A) partly allowed the appeal of the assessee by deleting 90% of the disallowance and sustaining 10% of the disallowance.
13. The Revenue is in appeal before us challenging the order of Id. CIT (A) vide ground no.4 and assessee in cross objection's ground no.5 challenged the appeal by sustaining the addition to the extent of 10%.
14. After hearing the rival contentions and perusing the materials available on record, we find that the assessee has incurred these expenses towards payment to writers' and contributors which was disallowed by the Id. AO on the ground that no evidences were produced during the assessment proceedings. The assessee claimed before the Id. AO that it was regular practice of the business of printing and publication of newspaper, magazine etc. to collect articles, contents, columns, write-ups, from different writers, authors, script preparations from various parts of the country. The assessee submitted that payments were made as honorarium to such contributors. The assessee also submitted huge volume of list of such contributors and amounts paid to them as honorarium which was petty and small amounts and in some cases the contributors could not produce their bank accounts and hence the amounts were paid in cash. None of the payments were

covered u/s 194J of the Income-tax Act, 1961 (the Act). The Id. CIT (A) recorded the finding of fact that after examination of the evidences and also the line of business of the assessee that it would be sufficient if 10% disallowance is made meaning thereby that genuineness of these expenses was not doubted by the appellate authority. In our opinion the first appellate authority could have made the total deletion by treating the expenses as genuine or confirmed the total disallowance by treating the same as non-genuine. The Id. CIT (A) has acted on the basis of surmises and presumptions which has no place in the income tax. Accordingly, we modify the order of the Id. CIT (A) and direct the Id. AO to delete the entire addition. Resultantly, ground no.4 of Revenue's appeal is dismissed and ground no.5 of assessee's cross objection is allowed.

15. The issue raised in ground nos.6 to 10 of assessee Cross Objection are against the confirmation of disallowance by Id. CIT (A) as made by the Id. AO in respect of transportation and distribution charges of ₹35,47,492/- (being 5% of ₹3,16,18,142/-), ₹2,40,000/- on account of writing charges, ₹3,16,18,342/- being 5% of the total purchases of ₹63,23,66,846/- and ₹4,37,693/- being 5% of other expenses comprising repair and maintenance of building and machinery, general and other miscellaneous expenses, other expenses and other repair and maintenance expenses etc.
16. The facts in brief are that the Id. AO, during the course of assessment proceeding, observed that assessee has not produced the books of account and therefore, AO made adhoc disallowance at the rate of 5% in respect of transportation and distribution expenses thereby calculating the disallowance at ₹35,47,492/- on the ground that inflation of the said expenses could not be ruled

out. In the appellate proceedings, the Id. CIT (A) confirmed the order of Id. AO without giving any justification.

17. Similarly, in respect of book writing expenses the AO noted that since the assessee has not furnished any books of accounts, therefore, it is presumed that assessee has not maintained any books of account. Consequently, the entire accounting charges were disallowed. As regards printing material purchases, the AO made a disallowance of ₹3,16,18,342/- being 5% of the total purchases on the ground that the assessee could not prove these expenses. Similarly, ₹4,37,693/- was disallowed in respect of repair and maintenance, office expenses and other expenses etc. equal to 5% of the total expenses charged to the Profit and Loss account.
18. The Id. CIT (A), in three lines conclusion, dismissed the appeal of the assessee by noting that the Gross Profit of the assessee was 92.62% whereas the final net profit was mere 0.5% and thus justified the addition.
19. After hearing the rival contentions and perusing the materials available on record, we find that the justification given by the Id. CIT (A) is not reasonable and plausible on the ground that the disallowance of expenses cannot be made merely on the ground that the assessee has recorded a low Net Profit during the year. The Id. AO has not pointed out the same specific difference/ defects in the records. In the present case, the books of accounts were not rejected and no reason has been assigned for making the disallowance on estimated basis. Therefore, the disallowance made by the Id. AO and confirmed by the Id. CIT (A) are mere on the surmises and presumption basis and cannot be sustained. We have

also perused the charts submitted before us by the assessee during the course of hearing which is extracted below: -

A.Y.	Turnover (RS)	G.P. (Rs.)	% of G.P. rate	N.P. (Rs.)	%of N.P. rate
2014-15	83,09,53,876	11,67,49,019	14.05	32,76,467	0.39
2015-16	99,98,23,424	12,50,77,910	12.51	(39,70,282)	-0.40
2016-17	83,66,57,217	16,41,52,145	19.62	4,18,356	0.05
2017-18	76,06,81,813	14,54,30,264	19.12	11,58,207	0.15
2018-19	76,60,94,601	21,74,68,647	28.39	12,63,142	0.16

20. We have also examined the assessment framed by the Id. AO in all these years and find that no such disallowance had been made by the Id. Assessing Officer. We have examined the assessment order for A.Y. 2018-19 and note that there was no disallowance made by the Id. AO in the assessment framed u/s 143(3) of the Act vide order dated 30.04.2021. Under these circumstances, we are not in a position to sustain the order of Id. CIT (A) on this issue. Accordingly, we set aside the order of Id. CIT (A) on this issue and direct the Id. AO to delete these additions. Consequently, ground no.6 to 10 of assessee's appeal are allowed.

ITA No. 127/GTY/2025 & CO No. 5/GTY/2025

21. The assessee in CO. No. 5/GTY/2025 raised a legal issue challenging the assessment framed by the Id. AO on the ground the notice u/s 143(2) of the Act was not in conformity of CBDT Instruction that and therefore, the assessment framed is invalid and may be quashed.
22. The facts in brief are that the assessee filed the return of income on 01.11.2017, declaring total income of ₹35,95,850/-. The case of the assessee was selected for limited scrutiny under Computer Assisted Scrutiny Selection (CASS) and accordingly, the notice u/s 143(2) of the Act was issued on 27.08.2018. The statutory notices

were duly issued and served upon the assessee. The assessee is engaged in the business of printing, publishing and circulating newspapers and other publications. It was seen from the ITS data from the departmental database that the assessee had made import purchases of different types of newsprint and reels of different specifications worth ₹7,33,87,730/- invoice value, ₹1,46,77,546/- freight expenses, insurance worth ₹8,25,882/- and landing charges of ₹7,64,770/-, which totals to ₹7,72,41,791/-. The Id. AO asked the assessee to furnish all purchases ledgers and all the documents regarding the value of imports made during the year, which was not replied by the assessee. Finally, the Id. AO made an addition of ₹7,33,87,730/- along with an addition of ₹3,68,75,884/- to the return income of the assessee.

23. In the appellate proceedings, the Id. CIT (A) allowed the appeal of the assessee by deleting the disallowances made by the Id. Assessing Officer.
24. The Id. Counsel for the assessee vehemently submitted that the notice u/s 143(2) of the Act vide order dated 27.08.2018, a copy of which is available at page no.1 of the Paper Book, does not specify whether it is a limited scrutiny or a complete scrutiny or a compulsory manner scrutiny. The Id. AR submitted that the CBDT has issued specific instruction vide instruction no. F. No. 225/157/2017/ITA-II Dated 23-06-2017, that the notice u/s 143(2) can be issued in any one of the three formats which was specifically mentioned and prescribed but in the present case the notice issued is not in accordance with such said instruction and therefore, the assessment framed consequently is invalid and void ab initio. The Id. AR in defense of his argument relied on the decision of Tapas Kumar Das Vs. ITO in ITA No. 1660/KOL/2024

vide order dated 11.03.2025 for A.Y. 2017-18, wherein similar issue has been decided in favour of the assessee. The Id. AR therefore prayed that the additional ground raised by the assessee may kindly be allowed.

25. The Id. DR on the other hand submitted that this is a computer-generated notice and the non-mentioning of the fact of either limited or complete scrutiny or compulsory manual scrutiny would not render the issuance of notice u/s 143(2) of the Act as invalid. Therefore, additional ground raised by the assessee may kindly be dismissed.
26. After hearing the rival contentions and perusing the materials available on record, we find that undisputedly the notice issued u/s 143(2) of the Act dated 11.08.2018, specifies only computer aided scrutiny selection which neither mentioned it either to be a limited or a complete scrutiny nor compulsory manual scrutiny. Thus, the said notice has been issued in violation of the instruction issued by CBDT as noted above. In our opinion, the revenue authorities have to follow the instruction issued by CBDT and violation thereto would certainly render the notice as invalid with the result of all the consequential proceeding would also be invalid. The case of the assessee find support from the decision of the co-ordinate Bench in the case of Tapas Kumar Das Vs. ITO (supra), wherein a similar issue has been decided in favour of the assessee. The operative part of the same is extracted below:-

"After hearing the rival contentions and perusing the materials available on record, we find that particularly the notice was issued u/s 143(2) of the Act, a copy of which is available at page no. 25 of the Paper Book. We note that the said notice has not been issued in consonance with the CBDT Instruction F No. 225/157/2017/ITA-II Dated 23.06.2017. The said notice is extracted below for the sake of ready reference:-

"" आमकर अधिनियम 1961 की धारा 143(2) के अधीन नोटिस

Notice under section 143(2) of the Income-tax Act, 1961

संवीक्षा (कंप्यूटर आधारित संवीक्षा चयन Scrutiny (Computer Aided Scrutiny Selection))

महोदय/महोदया/ भेसर्स,

Sir/Madam/ M/s,

आपको सूचित किया जाता है कि निर्धारण वर्ष 2017-18 के पावती संख्या 269322761301017 के अनुसार आपके द्वारा दिनांक 30/10/2017 को दाखिल की गई आयकर विवरणी को संवीक्षा के लिए चुना गया है।

This is for your kind information that the return of income filed by you for assessment year 2017-18 vide ack, no. 269322761301017 on 30/10/2017 has been selected for Scrutiny.

2. इस संबंध में, आपको दिनांक 16/11/2018 को 01:00 PM तक साक्ष्य प्रस्तुत करने अथवा साक्ष्य प्रस्तुत कराने का अवसर प्रदान किया जा रहा है जिस पर आप उक्त आयकर विवरणी के समर्थन में निर्भर हैं/ रहेंगे।

2. In this regard, an opportunity is being given to you to produce or cause to produce any evidence on which you may like to rely in support of the said return of income by 16/11/2018 at 01:00 PM.

3. उपर्युक्त निर्दिष्ट प्रमाण / सूचना को आपको ऑनलाइन माध्यम से इलेक्ट्रॉनिक रूप में Incometaxindiaefiling.gov.in पर अपने ई-फाइलिंग खाता द्वारा प्रस्तुत किया जाना है। बाद की निर्धारण कार्यवाही भी आयकर विभाग की 'ई-कार्यवाही' सुविधा द्वारा की जायेगी। 'ई-कार्यवाही' पर एक संक्षिप्त नोट आपके संदर्भ के लिए संलग्न है।

3. The evidence/information specified above has to be furnished online electronically through your E-filing account in incometaxindiaefiling.gov.in. Subsequent assessment proceedings shall also be conducted electronically through the 'E-Proceeding' facility of Income-tax Department. A brief note on 'E-Proceeding' is enclosed for your kind reference.

4. निर्धारण कार्यवाही के दौरान, यदि आवश्यक होगा तो सूचना / दस्तावेज हेतु विशेष प्रश्नावली (यों) या अधियाचना (यों) को बाद में जारी किया जाएगा।

4. In course of assessment proceedings, if required, specific questionnaire(s) or requisition(s) for information/document shall be issued subsequently.

5. कृपया ध्यान दें कि यदि आपके पास ई-फाइलिंग खाता है तो आपके लिए पैरा 3 लागू है। आपके द्वारा स्वयं अपना खाता न बना लेने तक निर्धारण कार्यवाही आपके द्वारा वर्णित की गई ई-मे

is created by you, assessment proceedings shall be carried out either through your specified e-mail account or manually (if e-mail is not available).

संलग्नक : यचौधरि

Enclosure as above

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7. In our opinion, the notice issued u/s 143(2) of the Act which is not in the prescribed format as provided under the Act is an invalid notice and accordingly, all the subsequent proceedings thereto would be invalid and void ab initio. The case of the assessee find support from the decision of Shib Nath Ghosh Vs. ITO in ITA No. 1812/KOL/2024 for A.Y. 2018-19 vide order dated 29.11.2024, wherein the co-ordinate Bench has held as under:-

"10. After hearing both the sides and the materials available on record, we find that the notice issued u/s 143(2) dated 9th August, 2017 was not in any of the formats as provided in the CBDT instruction F.No.225/157/2017/ITA-II dated 23.06.2017. We have examined the notice, copy of which is available at page no.1 of the Paper Book and find that the same is not as per the format of CBDT Instruction F.No. 225/157/2017/ITA-II dated 23.06.2017 as stated above. In our opinion, the instruction issued by the CBDT are mandatory and binding on the Income tax authorities failing which the proceedings would be rendered as invalid. Hon'ble Apex Court in case of UCO Bank (supra) held that the circular issued by CBDT in exercise of its statutory powers u/s 119 of the Act, are binding on the authorities. The Hon'ble Apex court held as under:-

"The Central Board of Direct Taxes under section 119 of the Income-tax Act, 1961, has power, inter alia, to tone down the rigour of the law and ensure a fair enforcement of its provisions, by issuing circulars in exercise of its statutory powers under section 119 of the Act which are binding on the authorities in the administration of the Act. Under section 119(2)(a), however, the circulars as contemplated therein cannot be adverse to the assessee. The power is given for the purpose of just, proper and efficient management of the work of assessment and in public interest. It is a beneficial power given to the Board for proper administration of fiscal law so that undue hardship may not be caused to the assessee and the fiscal laws may be correctly applied. Hard cases which can be properly categorized as belonging to a class, can thus be given the benefit of relaxation of law by Issuing circulars binding on the taxing authorities.

In order to aid proper determination of the income of money lenders and banks, the Central Board of Direct Taxes issued a circular dated October 6, 1952, providing that where interest accruing on doubtful debts is credited to a suspense account, It need not be included in the assessee's taxable income, provided the Income-tax Officer is satisfied that recovery is practically improbable. Twenty-six years later, on June 20, 1978, in view of the judgment of the Kerala High Court In STATE BANK OF TRAVANCORE v. CIT [1977] 110 ITR 336, the Board by another circular, withdrew with immediate effect the earlier circular. However, by circular dated October 9, 1984, the Board decided that Interest in respect of doubtful debts credited to suspense account by banking companies would be subjected to tax but Interest charged in an account where there has

been no recovery for three consecutive accounting years would not be subjected to tax in the fourth year and onwards. The circular also stated that if there is any recovery in the fourth year or later, the actual amount recovered only would be subjected to tax in the respective years. This procedure would apply to assessment year 1979-80 and onwards."

8. *Considering the facts of the instant case in the light of the decision of the co-ordinate bench, we are inclined to hold that notice issued u/s 143(2) of the Act is invalid notice and accordingly, the assessment framed consequentially to that is also invalid and is hereby quashed."*

27. Since the facts of the assessee's case are similar to one as decided by the co-ordinate Bench, we therefore, respectfully following the same hold that the notice issued u/s 143(2) of the Act is invalid notice and accordingly, the assessment framed consequentially is also invalid and is hereby quashed.

28. Since, we have allowed the CO of the assessee on legal issue, the appeal of the Revenue in ITA No. 127/GTY/2025 becomes infructuous, and hence, dismissed.

29. In the result, the appeals of the Revenue are dismissed and COs' of the assessee are allowed.

Order pronounced in the open court on 28.08.2025.

Sd/-
(MANOMOHAN DAS)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 28.08.2025

Sudip Sarkar, Sr.PS

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

True Copy//

BY ORDER,

Sr. Private Secretary/ Asst. Registrar
Income Tax Appellate Tribunal, Guwahati