

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DEHRADUN “SMC” BENCH: DEHRADUN**

**BEFORE SHRI YOGESH KUMAR U.S, JUDICIAL MEMBER &  
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**[THROUGH VIRTUAL MODE]**

**ITA No.13/DDN/2025  
[Assessment Year : 2019-20]**

Namita Agrawal, 36/1, E C Road, Dehradun, Uttarakhand-248001 <b>PAN-AFSPA0668P</b>	vs	DCIT, Central Circle, Dehradun
<b>APPELLANT</b>		<b>RESPONDENT</b>
<b>Assessee by</b>	Shri Anil Jain, Adv. & Shri Naman Jain, Adv.	
<b>Revenue by</b>	Shri S.K.Chaterjee, CIT. DR	
<b>Date of Hearing</b>	09.07.2025	
<b>Date of Pronouncement</b>	09.07.2025	

**ORDER**

**PER MANISH AGARWAL, AM :**

The present appeal is filed by assessee against the order dated 05.12.2024 by Ld. Commissioner of Income Tax (A)-3, Noida [“Ld.CIT(A)”] in Appeal No. CIT(Appeal), Noida-3/10033/2018-19 passed u/s 250 of the Income Tax Act, 1961 [“the Act”] arising from the assessment order dated 06.03.2024 passed u/s 147 of the Act pertaining to Assessment Year 2019-20.

2. Brief facts of the case are that the case of the assessee was re-opened based on the documents found and seized, during the course of search carried out on 02.02.2022 in the case of Shri Krishan Sharma and Smt. Sheetal Sharma. In response to notice

issued u/s 148 of the Act, assessee filed her return of income on 13.04.2023, declaring total income of INR 8,64,060/-. The re-assessment proceedings were taken up and based on the documents found and seized, the AO alleged that assessee has made cash payment of INR 19,35,000/- over and above the declared sale consideration paid for purchase of property and accordingly, addition for the same was made u/s 69B r.w.s. 115BBE of the Act and total income of the assessee was assessed at INR 27,99,060/-.

3. Against the said order, assessee filed an appeal before Ld. CIT(A) who vide order dated 05.12.2024, dismissed the appeal of the assessee.

4. Aggrieved by the order of Ld.CIT(A), assessee is in appeal before the Tribunal by taking following grounds of appeal:-

1. *“The Ld. CIT (A) has erred in upholding the action of AO for initiating proceedings under section 148 and the same being illegal not as per the provisions of law which deserves the assessment to be annulled.*

2. *The Ld. CIT (A) has erred in upholding the proceedings u/s 148 being the reasons recorded are not as per the contents of the seized papers referred and the approval by the PCTT (Central) Kanpur is mechanical without application of mind.*

3. *The Ld. CIT (A) has erred in upholding the proceedings u/s 148 without supplying the copy of the reasons recorded and the material in his possession which debars the assessee to file objections to the issue of notice u/s 148 as per the directions of the apex court in the case of GKN Drive sheft.*

4. *The Ld. CIT (A) erred in not commenting on the objection to the proceedings u/s 127 for which no information/consent of the appellant is taken before passing the order.*

5. *The Ld. CIT (A) has erred in confirming the addition of Rs. 19,35,000 on account of alleged cash paid for the purchase of plot, without*

*confronting the seized material and any corroborative material and not providing the same with the copies of the statements recorded and also failed to provide cross examination of the person whose statement is recorded inspite of repeated request made during the assessment.*

6. *The order of Ld.CIT is against law and facts of case.*

7. *The appellant craves the right to add, amend or withdraw any grounds of appeal at the time of hearing.”*

5. Before us, Ld.AR for the assessee in Ground of appeal Nos. 2 & 4 challenged the approval granted by Ld. Pr.CIT u/s 151 of the Act for re-opening of assessment and submitted that in the approval memo, Ld. Pr. CIT simply observed **“approved”** as is evident from the **“satisfaction note”** which is available at page 32 of the Paper Book filed by the assessee. He submits that such approval granted by Ld. Pr.CIT is without referring to any material or documents alleged as belong to the assessee and given without application of mind in mechanical manner. Therefore, the consequent notice issued u/s 148 of the Act based on such mechanical approval deserves to be hold bad in law and consequent re-assessment order is liable to be quashed. Ld. AR placed reliance on the judgement of Hon’ble Delhi High Court in the case of ***Pr.CIT-7 vs Pioneer Town Planners (P.) Ltd. [2024] 160 taxmann.com 652 (Delhi).***

6. On the other hand, Ld.CIT DR for the Revenue supports the order of the lower authorities and submits that there was information available with the AO as a result of search that assessee has purchased one property and made certain payments in cash which were not recorded in the books and were found noted

in the loose papers seized from the possession of person searched. He further submits that all these facts were duly narrated in the reason recorded for re-opening the case of the assessee and based on such reasons, Ld. Pr.CIT granted the approval for re-opening the case of the assessee. He, therefore, prayed that the approval is not mechanical and, therefore, contention raised by the assessee deserves to be dismissed.

7. Heard the contentions of both parties and perused the material available on record. From the perusal of the approval given by Ld. Pr.CIT as available at page 32 of the paper book filed by assessee, we find that Ld. Pr.CIT has simply mentioned **“approved”** on the “satisfaction note” submitted by the AO for obtaining the approval in terms of section 151 of the Act. The relevant approval granted is reproduced as under:-

34

18

<b>Name of the Assessee</b>	:	Smt. Namita Aggarwal
<b>Address</b>	:	w/o Pradeep Kumar R/o 36/1, E.C Road, Dehradun, Ultrakhand
<b>PAN</b>	:	AFSPA0678P
<b>Assessment Year</b>	:	2019-20
<b>Status</b>	:	Individual

**Satisfaction as per clause (iv) of the Explanation 2 to the Section 148 of the  
Income-Tax, Act, 1961**

A search & Seizure action u/s 132 of the Income-Tax Act, 1961( the Act) was carried out in the case of Shri Krishna Sharma & Smt. Sheetal Sharma group of cases on 02.02.2022. During the search operation, several documents were found and seized from their residential and business premises and the data was taken from mobile phone of Shri Krishna Sharma.

02. The document Inventoried as page nos. 06 & 07 of 'Annexure-2' , page no. 72 of 'Annexure A-4' revealed in the instant case that, the assessee had purchased a land situated at Mauza Tarla Nagal, Parwadoon, Dehradun from one, Shri Keshav Soin during the year under consideration. Further the said documents revealed that, the assessee had paid the registered price of Rs.11,00,000/- through cheque, whereas the total sale consideration was Rs. 30,35,000/- out of which amount of Rs.19,35,000/- paid in cash, which is unexplained.

03. In view of the above narrated facts and material available on record, I am satisfied that, the information contained in the aforesaid seized documents pertains to the assessee for the year under consideration and has bearing upon the determination of total Income of the assessee for A.Y. 2019-20.

04. Put up for consideration, and approval as per clause (iv) of the Explanation 2 to Section 148 of I.T. Act, 1961.

Ashish Shukla,  
ACIT Central Circle, Dehradun.

Amaresh Kumar Tiwari  
Addl. CIT Central Range, Meerut.

Manoj Kumar Gupta  
PCIT Central, Kanpur.

Approved is recommended

26/3/23

**ANIL JAIN**  
Advocate  
D/358/1984.

8. As is evident from the above, Ld. Pr.CIT has simply mentioned “**approved**” just above to his name and then signed the same in the sanction/approval granted u/s 151 of the Act on the satisfaction recorded in terms of clause (iv) to Explanation (2) to Section 148 of the Act by the AO. The ld. Pr. CIT has not referred to any material or document and simply accorded his approval in mechanical manner without recording his satisfaction based on the material produced before him and thus such approval cannot be held as valid approval and as a mechanical approval.

9. The Hon’ble Supreme Court in case of **CIT vs. S. Goyanka Lime & Chemical Ltd. – (2015) 64 taxmann.com 313 (SC)** examined the identical issue as to according the sanction for reopening the assessment u/s 148 of the Act by merely recording “*Yes. I am satisfied*” and held that reopening on the basis of mechanical sanction is invalid by making following observations :-

*“ Section 151, read with section 148 of the Income-tax Act,1961 – Income escaping assessment – Sanction for issue of notice (Recording of satisfaction) – High Court by impugned order held that where Joint Commissioner recorded satisfaction in mechanical manner and without application of mind to accord sanction for issuing notice under. Section 148, reopening of assessment was invalid – Whether Special Leave Petition filed against impugned order was to be dismissed – Held, yes [In favour of assessee]*

*Search and Seizure-Procedure for block Assessment- Search was conducted at residential and business premises of Assessee and notice for block assessment u/s. 158-BC was issued- For block period, returns were filed that were processed u/s. 143 (1)- However, notice u/s. 148 was issued by AO, on basis of certain reasons recorded- Assessee objected to same before AO, that was rejected and assessment was completed u/ss. 143(3) and 147-CIT(A) found that reason recorded by Joint Commissioner of Income Tax, for according sanction, was merely recording ‘I am Satisfied’-Action for sanction was alleged to be without application of mind and to be done in mechanical*

*manner-Held, while according sanction, Joint Commissioner, Income Tax only recorded "Yes, I am satisfied"-Mechanical way of recording satisfaction by Joint Commissioner, that accorded sanction for issuing notice u/s. 147, was clearly unsustainable-On such consideration, both Appellate authorities interfered into matter- o error was committed warranting reconsideration-As far as explanation to S. 151, brought into force by Finance Act, 2008 was concerned, same only pertained to issuance of notice and not with regard to manner of recording satisfaction-Amended provision did not help Revenue-No question of law involved in matter, that warranted reconsideration-Revenue's Appeals dismissed."*

10. The Hon'ble Delhi High Court in the case of **Pr. CIT vs Pioneer Town Planners (P.) Ltd.** (supra) under identical circumstances, after considering the facts held as under:-

22. *"So far as the decision relied upon the Revenue in the case of Meenakshi Overseas Pvt. Ltd. is concerned, the same was a case where the satisfaction was specifically appended in the proforma in terms of the phrase-"Yes, I am satisfied". Moreover, paragraph 16 of the said decision distinguishes the approval granted using the expression "Yes" by citing Central India Electric Supply, which has already been discussed above. The decision in the case of Experion Developers P. Ltd. would also not come to the rescue of the Revenue as-the same does not deal with the expression used in the instant appeal at the time of granting of approval.*
23. *Therefore, it is seen that the PCIT has failed to satisfactorily record its concurrence. By no prudent stretch of imagination, the expression "Yes" could be considered to be a valid approval. In fact, the approval in the instant case is apparently akin to the rubber stamping of "Yes "in the case of Central India Electric Supply."*

11. Further the Hon'ble Delhi High Court in the case of **SBC Minerals Pvt. Ltd. vs ACIT [2025] 475 ITR 360 (Del.)** has held as under:-

10. *"Before considering the merits of the contentions of the parties, it would be apposite to examine the relevant legal framework.*
11. *Section 151 of the Act, as it stood prior to the substitution by Act 13 of 2001 is reproduced hereunder:*

*"151. Sanction for issue of notice.-(1) No notice shall be issued under section 148 by an Assessing Officer, after the expiry of a period of four years from the end of the relevant assessment year, unless the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing Officer, that it is a fit case for the issue of such notice.*

*(2) In a case other than a case falling under sub-section (1), no notice shall be issued under section 148 by an Assessing Officer, who is below the rank of Joint Commissioner, unless the Joint Commissioner is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice.*

*(3) For the purposes of sub-section (1) and sub-section (2), the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or the Commissioner or the Joint Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself."*

*12. A plain reading of the aforesaid provision clearly indicates that the prescribed authority must be "satisfied", on the reasons recorded by the Assessing Officer ("AO"), that it is a fit case for the issuance of such notice. Thus, the satisfaction of the prescribed authority is a sine qua non for a valid approval.*

*13. It is trite law that the grant of approval is neither an empty formality nor a mechanical exercise. The competent authority must apply its mind independently on the basis of material placed before it before grant of sanction.*

*14. A perusal of the record reveals that the request for approval under section 151 of the Act in a printed format was placed before the Principal Chief Commissioner of Income-tax ("PCCIT") on March 20, 2023. The Principal Chief Commissioner of Income-tax granted the approval the same day. The approval accorded by the Principal Chief Commissioner of Income-tax in column 22 is extracted below:*

22	Reasons for according approval/rejection by the specified authority to order under section 148A(d) and/or issuance of notice under section 148 of the Income-tax Act, 1961?	Remarks: Approved under section 148A(d) as a fit case.
		Name: Rajat Bansal
		Designation :PCCIT, Delhi
		Date-20.03.2023

15. *It is evident that the approval order is bereft of any reasons. It does not even refer to any material that may have weighed in the grant of approval. The mere appending of the word "approved" by the Principal Chief Commissioner of Income-tax while granting approval under section 151 to the reopening under section 148 is not enough. While the Principal Chief Commissioner of Income-tax is not required to record elaborate reasons, he has to record satisfaction after application of mind. The approval is f a safeguard and has to be meaningful and not merely ritualistic or formal. The reasons are the link between material placed on record and the conclusion reached by the authority in respect of an issue, since they help in discerning the manner in which the conclusion is reached by the concerned authority. Our opinion in this regard is fortified by the decision of the apex court in Union of India v. Mohan Lal Capoor. The grant of approval by the Principal Chief Commissioner of Income-tax in the printed format without any line of reason does not fulfil the requirement of section 151 of the Act.*

16. *We note that dealing with an identical challenge of approval having been accorded mechanically and without due application of mind had arisen for our consideration in the case of the Pr. CIT v. Pioneer Town Planners Pvt. Ltd., wherein, we had held as follows (page 361 of 465 ITR):*

*"13. The primary grievance raised in the instant appeal relates to the manner of recording the approval granted by the prescribed authority under section 151 of the Act for reopening of assessment proceedings as per section 148 of the Act.*

*17. Thus, the incidental question which emanates at this juncture is whether simply penning down 'Yes' would suffice requisite satisfaction as per section 151 of the Act. Reference can be drawn from the decision of this court in Pr. CIT v. N. C. Cables Ltd.<sup>1</sup>, wherein, the usage of the expression 'approved' was considered to be merely ritualistic and formal rather than meaningful. The relevant paragraph of the said decision reads as under (page 17 of 391 ITR):*

*'11. Section 151 of the Act clearly stipulates that the Commissioner of Income-tax (Appeals), who is the competent authority to authorise the reassessment notice, has to apply his mind and form an opinion. The mere appending of the expression "approved" says nothing. It is not as if the Commissioner of Income-tax (Appeals) has to record elaborate reasons for agreeing with the noting put up. At the same time, satisfaction has to be recorded of the given case which can be reflected in the briefest possible manner. In the present case,*

*the exercise appears to have been ritualistic and formal rather than meaningful, which is the rationale for the safeguard of an approval by a higher ranking officer. For these reasons, the court is satisfied that the findings by the Income-tax Appellate Tribunal cannot be disturbed.'*

18. Further, this court in the case of *Central India Electric Supply Co. Ltd. v. ITO* has taken a view that merely rubber stamping of 'Yes' would suggest that the decision was taken in a mechanical manner. Paragraph 19 of the said decision is reproduced as under (page 245 of 333 ITR):

*'In respect of the first plea, if the judgments in Chhugamal Rajpal v. S. P. Chaliha, Chanchal Kumar Chatterjee v. ITO and Govinda Choudhury and Sons v. ITO are examined, the absence of reasons by the Assessing Officer does not exist. This is so as along with the pro-forma, reasons set out by the Assessing Officer were, in fact, given. However, in the instant case, the manner in which the proforma was stamped amounting to approval by the Board leaves much to be desired. It is a case where literally a mere stamp is affixed. It is signed by an Under Secretary underneath a stamped Yes against the column which queried as to whether the approval of the Board had been taken. Rubber stamping of underlying material is hardly a process which can get the imprimatur of this court as it suggests that the decision has been taken in a mechanical manner. Even if the reasoning set out by the Income-tax Officer was to be agreed upon, the least which is expected is that an appropriate endorsement is made in this behalf setting out brief reasons. Reasons are the link between the material placed on record and the conclusion reached by an authority in respect of an issue, since they help in discerning the manner in which conclusion is reached by the concerned authority. Our opinion is fortified by the decision of the apex court in *Union of India v. Mohan Lal Capoor*<sup>1</sup> wherein it was observed as under:*

*"27. We find considerable force in the submission made on behalf of the respondents that the 'rubber stamp' reason given mechanically for the supersession of each officer does not amount to 'reasons for the proposed supersession'. The most that could be said for the stock reason is that it is a general description of the process adopted in arriving at a conclusion.*

*28. If that had been done, facts on service records of officers considered by the Selection Committee would have been correlated to the conclusions reached. Reasons are the links between the materials on which certain conclusions are based and the actual conclusions. They disclose how the mind is*

*applied to the subject-matter for a decision whether it is purely administrative or quasi-judicial. They should reveal a rational nexus between the facts considered and the conclusions reached. Only in this way can opinions or decisions recorded be shown to be manifestly just and reasonable." (emphasis supplied)*

19. In the case of *Chhugamal Rajpal v. S. P. Chaliha*<sup>3</sup>, the hon'ble Supreme Court refused to consider the affixing of signature along with the noting 'Yes' as valid approval and had held as under (page 608 of 79 ITR):

*'Further the report submitted by him under section 151(2) does not mention any reason for coming to the conclusion that it is a fit case for the issue of a notice under section 148. We are also of the opinion that the Commissioner has mechanically accorded permission. He did not himself record that he was satisfied that this was a fit case for the issue of a notice under section 148. To question 8 in the report which reads "whether the Commissioner is satisfied that it is a fit case for the issue of notice under section 148", he just noted the b word "yes" and affixed his signatures thereunder. We are of the opinion that if only he had read the report carefully, he could never have come to the conclusion on the material before him that this is a fit case to issue notice under section 148. The important safeguards provided in sections 147 and 151 were lightly treated by the Income-tax Officer as well as by the Commissioner. Both of them appear to have taken the duty imposed on them under those provisions as of little importance. They have substituted the form for the substance.'*

20. This court, while following *Chhugamal Rajpal v. S. P. Chaliha* in the case of *Ess Advertising (Mauritius) S. N. C. Et Compagnie v. Asst. CIT (International Taxation)*, wherein, while granting the approval, the Assistant Commissioner of Income-tax has written: *This is fit case for issue of notice under section 148 of the Income-tax Act, 1961. Approved, had held that the said approval would only amount to endorsement of language used in section 151 of the Act and would not reflect any independent application of mind. Thus, the same was considered to be flawed in law."*

12. Similar view was expressed by the Hon'ble Delhi High Court in the case of ***CIT vs N.C. Cables Ltd.*** reported in **(2017) 391 ITR 11** also expressed the same view.

13. In view of the above facts and by respectfully following the judgements of Hon'ble supreme court in the case of S. Goyanka (supra) and further by following the judgements of High Delhi High Court in aforesaid cases), in our considering opinion, the approval granted for re-opening the assessment by Ld. Pr.CIT is mechanical approval and based on such approval, notice issued u/s 148 is bad in law and consequent re-assessment order passed is hereby quashed. Grounds of appeal Nos. 2 & 4 raised by the assessee are allowed.

14. Remaining Grounds of appeal raised by the assessee are not adjudicated being academic.

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

Order pronounced in the open Court on 09.07.2025.

**Sd/-**

**(YOGESH KUMAR U.S)**  
**JUDICIAL MEMBER**

**Date:- 26.09.2025**

*\*Amit Kumar, Sr.P.S\**

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT
6. Guard File

**Sd/-**

**(MANISH AGARWAL)**  
**ACCOUNTANT MEMBER**

ASSISTANT REGISTRAR  
ITAT