

आयकर अपीलीय अधिकरण, “सी” न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL ‘C’ BENCH, CHENNAI
श्री एम. बालगनेश, लेखा सदस्य एवं श्री एस.एस. विश्वनेत्र रवि, न्यायिक सदस्य के समक्ष
**Before Shri M. Balaganesh, Accountant Member &
Shri S.S. Viswanethra Ravi, Judicial Member**

आयकर अपील सं./I.T.A. No.2325/Chny/2025
निर्धारण वर्ष/Assessment Year: 2018-19

Bakiavathy Raghupathy,
No. 43, Ayyanar Koil Street, Tiruvarur,
ATP District 610 001,
Tamil Nadu.

Vs. The Income Tax Officer,
Ward 1,
Tiruvarur.

[PAN: AAFPR7084Q]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by : Shri Hitesh, Advocate
प्रत्यर्थी की ओर से/Respondent by : Shri C.P. Solomon, JCIT
सुनवाई की तारीख/ Date of hearing : 23.10.2025
घोषणा की तारीख /Date of Pronouncement : 24.10.2025

आदेश /O R D E R

PER S.S. VISWANETHRA RAVI, JUDICIAL MEMBER:

This appeal filed by the assessee is directed against the order dated 01.07.2025 passed by the Id. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi for the assessment year 2018-19.

2. In the grounds of appeal, besides challenging assumption of jurisdiction under section 147 of the Income Tax Act, 1961 [“Act” in short], on merits, the assessee also challenged confirmation of addition

made by the Assessing Officer towards undisclosed profit from cash withdrawals at ₹.11,49,823/-.

3. We note that the Assessing Officer assessed income of the assessee at ₹.14,36,800/- against returned income of ₹.2,86,977/-, inter alia, making addition towards undisclosed profit from cash withdrawals at ₹.11,49,823/-. The Id. CIT(A) confirmed the order of the Assessing Officer.

4. The Id. AR Shri Hitesh, Advocate drew our attention to the notice under section 148 of the Act dated 05.04.2022, placed on record and submits that the Jurisdiction Assessing Officer issued the above said notice, whereas, the assessment under section 147 r.w.s. 144B of the Act dated 19.02.2024 has been completed by the Faceless mechanism [Assessing Officer] is bad in law in terms of the decision of the Hon'ble High Court of Madras in the case of Mark Studio India (P.) Ltd. V. ITO in W.A. No. 781 of 2025 dated 24.06.2025 and prayed to quash the assessment order passed by the NFAC without issuing notice under section 148/148A(d) of the Act.

5. The Id. DR Shri C.P. Solomon, JCIT supported the order passed the Assessing Officer.

6. We have heard both the parties and perused the material available on record. In this case, we note that the assessment order under section 147 r.w.s. 144 r.w.s. 144B of the Act dated 31.01.2024 was passed by the assessment unit of NFAC. Further, we note that the notice under section 148 of the Act dated 05.04.2022 was issued by the Jurisdictional Assessing Officer. On perusal of the decision of the Hon'ble High Court of Madras in the case of Mark Studio India (P.) Ltd. V. ITO (supra), we note that the Hon'ble High Court was pleased to hold that the assessment made by the assessment unit of NFAC is not valid if the order and notice under section 148A(d)/148 of the Act issued by the Jurisdictional Assessing Officer, but, however, liberty was given to the Revenue to re-ignite the notice in case the Hon'ble Supreme Court interferes with the order of the Hon'ble High Court of Bombay in the case of Hexaware Technologies Ltd. V. ACIT 464 ITR 430 (Bombay). Accordingly, we hold that the assessment order dated 29.02.2024 passed by the assessment unit of NFAC is bad in law and it is quashed. Accordingly, the ground raised by the assessee on assumption of jurisdiction under section 147 of the Act in ground Nos. 2 to 4 is allowed and other ground Nos. 5 & 6 become academic in view of our decision in ground Nos. 2 to 4.

7. In the result, the appeal filed by the assessee is allowed.

Order pronounced on 24th October, 2025 at Chennai.

Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Sd/-
(S.S. VISWANETHRA RAVI)
JUDICIAL MEMBER

Chennai, Dated, 24.10.2025

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant,
2. प्रत्यर्थी/ Respondent,
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR &
5. गार्ड फाईल/GF.