

IN THE INCOME TAX APPELLATE TRIBUNAL BENCH-RANCHI
VIRTUAL HEARING AT KOLKATA

**Before Shri Sonjoy Sarma, Judicial Member
and Shri Ratnesh Nandan Sahay, Accountant Member**

I.T.A. No.183/Ran/2025
Assessment Year: 2018-19

Vision & Vision Pvt. Ltd.....Appellant
Block No.2, Ambika Tower,
Main Road Shastri Nagar,
Jamshedpur – 831005.
[PAN: AABCV5072B]

vs.

ACIT/DCIT, Circle-1, JamshedpurRespondent

Appearances by:

Shri Akshay Ringasia, AR, AR, appeared on behalf of the appellant.

Shri Kanhaiya Lal Kanak, CIT-DR, appeared on behalf of the Respondent.

Date of concluding the hearing : November 12, 2025

Date of pronouncing the order : November 19, 2025

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal by the assessee is directed against the order of the learned Principal Commissioner of Income Tax (PCIT), Ranchi, passed under section 263 of the Income-tax Act, 1961 (“the Act”) dated 31.03.2025 for A.Y. 2018–19. The assessee challenges the legality and validity of the assumption of jurisdiction by the PCIT and the consequent revision of the reassessment order passed u/s 147 r.w.s. 144B dated 27.03.2023.

2. Brief facts of the case are that the assessee filed return of income for A.Y. 2018–19 declaring total income of ₹11,95,030. The return was initially processed u/s 143(1). Later, based on information shared by the DDIT (Investigation), Kolkata, it was alleged that the assessee had received an accommodation entry of ₹1,18,61,425 from M/s Kuldeepak Enterprises during the year. On this basis, the AO reopened the

assessment u/s 148. In the course of reassessment, the AO issued detailed notices u/s 142(1) and 143(2), calling for ledger extract of M/s Kuldeepak Enterprises, bank reconciliation, transporters' bills, delivery notes, invoices and challans, stock register, evidence of movement of goods and explanation regarding the alleged accommodation entry. The assessee submitted detailed replies along with documentary evidence. It was explained that the sales made to M/s Kuldeepak Enterprises pertained to F.Y. 2016-17 (A.Y. 2017-18) and were duly recorded in the books of the earlier year. The assessee furnished transporter bills, delivery challans, e-way bills, invoices, ledger copies, stock registers and bank statements evidencing the genuineness of the transactions. After examining the submissions, the AO recorded categorical satisfaction in his order dated 27.03.2023 that the alleged receipt of ₹1,18,61,425 represented genuine sales of the preceding year and no income had escaped assessment for A.Y. 2018-19. Accordingly, he accepted the returned income without any addition. Subsequently, the Ld. PCIT, Ranchi while taking over charge examined the assessment record and formed the view that the AO had failed to make proper inquiry into the said receipt by holding that the AO accepted the assessee's submissions without adequate verification. Accordingly Ld. PCIT issued notice u/s 263 of the act to the assessee. In response, the assessee filed a detailed written submission on 12.02.2025, reiterating all facts, explaining that complete inquiry was conducted by the AO, and pointing out that the sales pertained to the earlier year, duly taxed. All documents were again placed before the Ld. PCIT. The PCIT, however, held that the AO failed to conduct proper inquiry and directed the AO to examine the issue afresh and pass a fresh assessment order.

3. The assessee, being aggrieved, is in appeal before this Tribunal. The principal grounds raised by the assessee are that the order passed

u/s 263 of the Act is bad in law as the reassessment order was neither erroneous nor prejudicial to the interests of the Revenue as when the AO conducted detailed inquiry on the very issue on which the case was reopened and therefore the Ld. PCIT had no jurisdiction to revise the order. That the Ld. PCIT merely substituted his opinion for that of the AO which amounts to impermissible "change of opinion". As the alleged transaction pertains to earlier assessment year and income therefrom has already been taxed thus the issue is revenue neutral. That when no addition was having been made on the issue forming the basis of reopening, the reassessment order has attained finality, and cannot be revised.

4. At the time of the hearing, Ld. AR submitted that the AO examined the issue in detail during reassessment proceeding and Specific queries were raised under notices u/s 142(1), of the act including calling for ledger extract, bank reconciliation, stock records, transport bills, delivery challans and other evidences. It was explained that the impugned sales related to A.Y. 2017-18, and the assessee had already offered the profit thereon to tax. All documentary evidences were produced at the time of reassessment proceeding and the AO, after due verification, accepted the submissions and made no addition. Therefore, the order cannot be treated as erroneous or prejudicial to the revenue. It was further contended that the Ld. PCIT cannot invoke section 263 of the Act merely because he believes that more inquiry should have been conducted. Once the AO has applied his mind and taken one of the possible views, revision is not permissible as held by Hon'ble Supreme Court as in the case of *Malabar Industrial Co. Ltd. v. CIT* 243 ITR 83 (SC) and Hon'ble Delhi High Court in the case of *Sunbeam Auto Ltd.* 332 ITR 167 (Del)). The alleged issue pertains to earlier year therefore any addition in A.Y. 2018-19 would lead to double taxation, rendering the revision order

revenue-neutral and therefore not prejudicial to the interests of the Revenue. Reliance is also placed on the judgments of CIT v. Jet Airways Ltd. (Bom.) and ATS Infrastructure Ltd. (Del.) to argue that where the AO does not make addition on the very issue for which reopening is done, reassessment cannot proceed on any other issue therefore, such an order cannot be rendered “erroneous”.

5. On the other hand Ld. DR supported the PCIT’s order, submitting that the AO failed to carry out adequate verification and therefore the Ld. PCIT rightly exercised jurisdiction u/s 263 of the Act.

6. We have considered the rival submissions and perused the assessment record and the material placed before us. On perusal of the reassessment records, it is evident that the AO issued multiple notices u/s 142(1) of the Act specifically asking the assessee to explain the receipt from M/s Kuldeepak Enterprises. Ledger extract, bank reconciliation, invoices, transport bills, delivery challans, stock registers, and other evidences were furnished. The AO recorded a clear finding in of the reassessment order that:

“In view of the above and after verifying all the details submitted by the assessee and data available with the department no modification to the returned income is necessary as far as the reasons for reopening is concerned and the explanation offered by the assessee is acceptable.”

6.1 Thus, this is not a case of lack of inquiry. At best, the Ld. PCIT is of the view that a more detailed inquiry ought to have been conducted. However, as Hon'ble Delhi High Court held in Sunbeam Auto Ltd. (332 ITR 167), this is not sufficient to invoke section 263 of the act. When the Ld. AO accepted the assessee’s explanation that the sales occurred in earlier year, the profits were already taxed in earlier year and no income had escaped assessment in the year under appeal. This view is backed

by the documentary evidence placed on record. Thus, the AO's conclusion is a plausible view. The Hon'ble Supreme Court as in the case of Malabar Industrial Co. Ltd. (243 ITR 83) held that where the AO adopts one of the possible views, the order cannot be revised merely because the PCIT has another view. Since the transaction pertains to assessment year 2017-18 and the profits were already offered to tax any proposed addition in A.Y. 2018-19 would result in double taxation. Therefore, the order cannot be considered prejudicial to the interests of the Revenue a mandatory condition for invoking section 263. The reassessment was initiated solely on information of accommodation entry of ₹1,18,61,425. The AO, after inquiry, made no addition on this issue. The Hon'ble Bombay High Court as well as Delhi High Court as held in CIT v. Jet Airways Ltd. (Bom.), and ATS Infrastructure Ltd. (Del.) that if the AO makes no addition on the issue forming the basis of reopening, the reassessment cannot be sustained on any other issue. Therefore, the reassessment order having attained finality, cannot be revised in absence of error. Once the AO has thoroughly examined the issue and accepted the explanation, the Ld. PCIT's direction to re-examine the same issue amounts to mere change of opinion, which is not permissible u/s 263 of the Act. From the discussion in forgoing paragraph, we find that the AO conducted adequate and proper inquiry into the issue of alleged accommodation entry and the AO adopted a plausible view after verifying documentary evidence. Therefore the Ld. PCIT's order is based on mere difference of opinion. Moreover, the issue is revenue-neutral as profits were already taxed in earlier year. Besides that as no addition was made on the very issue that formed the basis of reopening and mandatory conditions of section 263 of the Act error and prejudice to revenue are not satisfied. Accordingly, the order passed by the PCIT u/s 263 of the Act dated 31.03.2025 is invalid and is hereby quashed.

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

Kolkata, the 19th November, 2025.

Sd/-
[Ratnesh Nandan Sahay]
Accountant Member

Sd/-
[Sonjoy Sarma]
Judicial Member

Dated: 19.11.2025.

RS

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches