



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।
IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"
RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

आयकर अपील सं. /ITA No.483/RJT/2025
निर्धारण वर्ष/Assessment Year : 2013-14

Ashish Mansukhlal Gokani Mithapur, Dist: Devbhoomi, Dwarka (Guj) – 361345 [Mahesh N. Paun Advocate, Taxation Consultant, Shreeji Chambers, 17-Nava Para, Near S.B.I. (ADB), Jam-Khambhaliya, Gujarat – 361305]	बनाम / Vs	Commissioner of Income Tax (Appeals), National Faceless Assessment Centre (NFAC), Income Tax Department, Delhi
स्थायी लेखा सं./जी आइ आर सं./PAN/GIR No.: AAPPG2259N		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

निर्धारिती की ओर से / Assessee by : Shri Mahesh Paun, Ld. AR
राजस्वकी ओर से / Revenue by : Shri Abhimanyu Singh Yadav, Ld. Sr. DR

सुनवाई की तारीख / **Date of Hearing** : **18/09/2025**
घोषणा की तारीख / **Date of Pronouncement** : **28/11/2025**

आदेश / ORDER

Per Dr. Arjun Lal Saini, A.M.:

Captioned appeal filed by the assessee, pertaining to Assessment Year 2013-14, is directed against the order passed under section 250(6) of the Income Tax Act, 1961 (hereinafter referred to as "the Act") by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals) ('CIT(A)'), dated 25.05.2025, which in turn arises out of an assessment order passed by Assessing Officer u/s. 147 r.w.s. 144 of the Act on 29.03.2022.



2. The grounds of appeal raised by the assessee are as follows:

- “(1) Learned Commissioner of Appeals (NFAC) erred by not considering the submission made by the Appellant and bad in law by confirming the addition of Rs. 7,49,971/- with huge demand of Rs. 4,84,315/*
- (2) Learned A.O. erred in law as well facts in making addition u/s 68 sum of Rs.70,38,117/- as unexplained income with regard to bank credits which made out of normal course of business and initiate the separately penalty proceeding u/s. 271B as well as Ld. Commissioner of Appeals (NFAC) by not considering the submission fully, rather than deleting the addition partly substained to the extent of Rs. 7,49,971/-.*
- (3) Learned Commissioner of Appeals (NFAC) erred by not considering the facts and submissions regarding not given effective opportunity to being heard by Ld. assessing officer, dismissed the ground of appeals as well as not providing adequate opportunity for the appellant to present his case, thereby violating the principles of natural justice.*
- (4) Learned A.O. erred in issuance of the notice under Section 148 as well as Learned Commissioner of Appeals (NFAC) erred by not considering the facts and submissions regarding the notice issued beyond the time limit prescribed under the Income Tax Act, rendering the reassessment proceedings invalid.*
- (5) Learned A.O. erred in law as well as on facts making assessment u/s. 147 r.w.s 144 r.w.s. 144B of the Act. As well as Ld. Commissioner of Appeals (NFAC) also erred in law by not considering the same. The order passed by the Commissioner of Appeals is contrary to the provisions of law and is, therefore, liable to be set aside.*
- (6) Appellant craves leave to add, amend, alter or withdraw any ground of appeals.”*

3. Brief facts qua the issue are that assessee is an individual and has filed return of income u/s 139 of the Income Tax Act, 1961 (hereinafter 'the Act') for the year under consideration, that is, 2014-15, on 20.02.2014, declaring total income of Rs.1,85,850/-. In assessee's case, information was uploaded by the DDIT(Inv.), Jamnagar, on Insight portal of Department that the assessee has deposited substantial cash in his bank account. On the basis of this information, the proceedings u/s 147 of the Act were initiated after obtaining necessary approval from



the competent authority as required u/s 151 of the Act. The reasons for reopening are reproduced as under:

1. "Brief details of the Assessee:

The brief details of the assessee are mentioned above. The assessee filed return of income on 30/12/2014, declaring total income Rs. 1,85,850/- and agricultural income of Rs. 2,48,610/-for A. Y. 2013-14. As per information available on records, the assessee has carried out significant financial transactions.

1. Brief details of information collected/received by the assessing officer.

In this case, the information received in category of High Risk Transaction CRIU/VRU Information on Insight Portal of the department. As per the information uploaded by the ADIT(Inv.) Jamnagar and its report dated 13/03/2020, it is noticed that the assessee has entered into significant financial transactions as mentioned hereunder in Para 6.

1. Analysis of information collected/received:

On perusal of the information available, it is noticed that the assessee made credits of Rs. 1,61,84,806/- as per verification details available at INSIGHT Portal during the F. Y. 2012-13.

1. Enquiries made by the assessing officer as sequel to information collected/received:

Necessary enquiries have been made by ADIT (Inv) who has uploaded the report and therefore sufficient to form 'reasons to believe'. However the information available at INSIGHT Portal has been analyzed & independent opinion has been arrived after due application of mind.

1. Findings of the assessing officer:

In this case, the assessee deposited cash/cheques/RTGS in various bank accounts amounting to Rs. 1,61,84,806/- during the F.Y. 2012-13.

1. Basis of forming reason to believe and details of escapement of income:

In this case, the assessee filed return of income on 30/12/2014, declaring total income Rs. 1,85,850/- and agricultural income of Rs. 2,48,610/-for A. Y. 2013-14. On perusal of report of ADIT(Inv.), Jamnagar available at INSIGHT Portal, it is found that the assessee made high value transaction in bank accounts during the F. Y. 2012-13. The notices were issued to the below mentioned banks and asked to furnish the copy of bank statement of the assessee for F. Y. 2012-13 which were furnished and deposits are summarized as under-

<i>Sr. No.</i>	<i>Name of the Bank</i>	<i>Account No.</i>	<i>Total credits</i>
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1	HDFC Bank Ltd, Mithapur	14462560000299	1,05,86,946/-
		14461000003156	43,42,930/-
2	Bank Mithapur of Baroda,	03700100027100	12,54,930/-
		Total credits	1,61,84,806/-

Further, on going through the bank statement of above banks, it is found that the deposits in bank accounts were by cash, cheque/RTGS and other banking channel. In this case, the summons were issued to the assessee by ADIT(Inv.) vide dates 02.02.2017, 23.08.2018, 15.11.2019 and 07.12.2019 to asked to furnish the certain details regarding credits. The assessee finally submitted details partially vide dated 13.12.2019 and submitted that he is agriculturist and running trading business of grains. Further, he states that credits in banks are payment received from customers/creditors. However, the assessee has failed to furnish the complete details asked for, even after giving sufficient opportunities. In absence of satisfactory explanation, complete details and documentary evidences, the source of cash/other credits amounting to Rs. 1,61,84,806/- made with above banks remains unexplained. Moreover, the assessee shown total income of Rs.1,85,850/- in ROI which also does not commensurate with total credits with banks made during the F. Y. 2012-13.

From the facts stated above, I have reason to believe that income chargeable to tax to the tune of Rs.1,61,84,806/- has escaped assessment for Assessment Year 2013-14 within the meaning of section U/s 147 of the I. T. Act.

*7. Escapement of income chargeable to tax in relation to any assets located outside India:-
NA*

8. Applicability of the provisions of section 147/151 to the facts of the case:

In this case, a return of income was filed for the year under consideration but no scrutiny assessment u/s 143(3) of the Act was made. Accordingly, in this case, the only requirement to initiate proceeding u/s 147 is reason to believe which has been recorded above in paragraph -6.

9 It is it is pertinent to mention here that in this case the assessee has filed return of income for the year under consideration but not assessment as stipulated u/s 2(40) of the Act was made and the return of income was only processed w/s 143(1) of the Act, In view of the above, provisions of clause (b) of explanation 2 to section 147 are applicable to facts of this case and the assessment year under consideration is deemed to be case where income, chargeable to tax has escaped assessment

10. In this case more than four years have lapsed from the end of assessment year under consideration. Hence necessary sanction to issue notice u/s 148 has been obtained



separately from the Principal Commissioner of Income Tax Jamnagar as per the provisions of section 151 of the Act.

4. Accordingly, notice u/s 148 of the Act, dated 31.03.2021, was issued and served upon the assessee through his e-mail id. In response, the assessee filed 'unverified' hence "invalid" return of income on 29.05.2021. Also, the return has been filed by beyond time allowed as per the notice. Thus, the assessment proceedings were carried on u/s 144 of the Act. A notice u/s 142(1) of the Act was issued on 13.01.2022, calling for certain details from the assessee. The assessee filed his response on 20.01.2022 and requested to provide reason for re-opening his case. Thereafter, the assessment proceedings were carried on u/s 144B of the Act, that is, 'Faceless Assessment'. The assessee was provided reason for reopening vide letter dated 02.02.2022. The notice u/s 142(1) of the Act was issued on 02.02.2022 calling for certain details. In response to notices u/s 142(1) of the Act, the assessee filed his reply on ITBA portal on 24.02.2022, which is as under:

"I am running our business of Grain, pulses etc on wholesale, semi wholesale basis since more than last 10 years.

Sir, my business is settled in little village where not having much industries but surrounded with so many little y little villages-X DEPARTME

Moreover my businesses related to agricultural products and also with retailers, villagians and with retailers.

Most of them are not having bank account or not having banking habits.

Therefor most of my sales are being done by cash. Moreover many of payment from debtors receiving also by cash.

I have to made most of payments for the purchases to creditors through bank.

Therefore I have to deposit cash in the bank for the payment to creditors.

In the cash book all the cash transactions is being noted. On verification of the



same it will clear that the amount deposited in the bank is nothing but the cash generated from the business i.e. Sales, Amount received from debtor etc

These are the reasons why I have to deposit cash in bank. I am depositing cash regularly in our bank account.

All the transactions have been noted in my books of accounts i.e. Cash Book, Sales Register/Ledger, Bank Ledger etc. The net profit from the same is also shown in my Profit and Loss Account and Return of Income. I have also enclosed herewith copy of Cash Book and sales Register for your kind reference.

Kindly note the same on your records, the transactions are actual, genuine, all the transactions are recorded and cash deposited in the bank is nothing but generate from the business and having supporting documentary evidences."

5. However, the assessing officer rejected the above contention of the assessee and observed that credits is out of sales generated in his business of trading in grains. However, as per the sales register provided by the assessee the total cash sales is Rs.98,37,029/- whereas the total credit by assessee in his bank accounts is Rs. 1,68,75,146/-. Hence, the source of credits by assessee of Rs.70,38,117/- (Rs. 1,68,75,146-Rs.98,37,029) remains unexplained. Therefore, assessing officer held that since the assessee has failed to file any explanation with documentary evidences for nature, source and genuineness of credits of Rs.70.38,117/-, therefore, the same was treated as unexplained cash credit u/s 68 of the Act.

6. Aggrieved by the order of the assessing officer, the assessee carried the matter in appeal before the Ld. CIT(A) who has confirmed the action of the assessing officer observing as follows:

"I have perused the order of the assessing officer, submissions of the assessee and remand report of the Assessing officer. After perusing the submissions, I am of the considered view that the unaccounted credits in the bank accounts of the assessee are the be calculated as below:



Total credits in the three bank		Rs 1,59,77,560
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accounts of the assessee	
Less:	
1. Sales proceeds accepted by AO in assessment order	Rs 98,37,029
1. Inter bank transfer entries	Rs 33,48,170
1. Cash withdrawn and redeposited into bank	Rs. 15,22,930
1. Bank Interest	Rs. 2,209
1. Cheque return entries	Rs 2,48,641
1. Received from LIC	Rs 20,000
1. Agricultural Income	Rs 2,48,610
TOTAL	Rs 1,52,27,589

Therefore, the unexplained credits in the account of the assessee are Rs. 7,49,971 (Rs. 1,59,77,560-Rs 1,52,27,589).

7. As a result, the addition made by the assessing officer was partly sustained by ld.CIT(A) to the extent of Rs. 7,49,971/-.

8. Aggrieved by the order of the Ld. CIT(A), assessee is in further appeal before this Tribunal.

9. The Ld. Counsel for the assessee submitted that in the assessee's case under consideration, the assessment year involved is the assessment year (A.Y.) 2013-14 wherein the last date for issue of notice u/s.148 of the Act, is 31st March, 2020. However, the assessing officer issued notice on 16th April, 2021 u/s.148 of the Act. Therefore, notice issued by the assessing officer is invalid, and consequently, the



reassessment order framed by the assessing officer under section 147/148 of the Act is also invalid, hence, reassessment proceedings may quashed.

10. The Ld. Counsel for the assessee also submitted that the assessee's case was reopened after 3 years. Therefore, sanction should be given by the Chief Commissioner of Income Tax. However, in the assessee's case, the permission was given by the Principal Commissioner of Income Tax. Therefore, it is not a valid permission under the Act and hence, the order passed by the assessing officer may be quashed.

11. On the other hand, the Ld. DR for the Revenue has primarily reiterated the stand taken by the Assessing Officer, which we have already noted in our earlier para and is not being repeated for the sake of brevity.

12. I have heard both the parties and perused the materials available on record. I note that in the assessee's case under consideration the assessment year involved is the A.Y. 2013-14, wherein notice u/s. 148 of the Act can be issued up to 31st March, 2020. However, in the assessee's case under consideration notice u/s.148 of the Act was issued on 16th April, 2021. Therefore, notice issued by the assessing officer u/s.148 of the Act, is invalid. Thus, the notice is time barred, hence the assessing officer has not followed mandatory process specified u/s. 148 of the Act, and the notice is issued on 16/04/2021 at online portal is time barred and for that the assessee has submitted the relevant evidence to this effect before the Bench. Besides, the sanction for issue of notice u/s 148 of the Act, has been obtained by the assessing officer from Principal Commissioner of Income Tax (PCIT) instead of Principal Chief Commissioner of Income Tax (PCCIT). Hence, the notice is defective and



invalid. Since the pre-requisite condition for issuance of notice u/s 148 of the Act is not fulfilled in the assessee's case under consideration, and therefore, the notice may be treated as invalid and cannot be cured by resorting to provisions of section 292BB of the Act, therefore, I quash the reassessment proceedings and allow the appeal of the assessee.

13. Since I have quashed the re-assessment proceedings, on the issue that re-assessment was carried out without prior approval of proper higher authority u/s 151(1) of the Act. Therefore, other technical grounds raised by the assessee, and grounds raised by the assessee, on merit, have become infructuous, therefore, do not require adjudication.

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

Order pronounced in the open court on 28/11/2025.

Sd/-
(Dr. Arjun Lal Saini)
लेखा सदस्य/Accountant Member

//True Copy//

राजकोट /Rajkot

दिनांक/ Date: 28/11/2025

By order/आदेश से,

सहायक पंजीकार / Sr.PS/ PS
आयकर अपीलीय अधिकरण, राजकोट

Strengthened preparation & delivery of orders in the ITAT	
1) Date of dictation (dictation sheet is enclosed with main file.)	18/09/2025
2) Date on which the typed draft is placed before the Dictating Member & Other Member	18/09/2025
3) Date on which the approved draft comes to the Sr. P.S./P.S.	
4) Date on which the fair order is placed before the Dictating Member for pronouncement	



5) Date on which the fair order comes back to the Sr. P.S./P.S.	
6) Date on which the file goes to the Bench Clerk	
7) Date on which the file goes the Head Clerk	
8) Date on which the file goes to the Assistant Registrar for signature on the order	
9) Date of Dispatch of the order	