

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'A' Bench, Hyderabad**

**BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT**  
**AND**  
**SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER**

आ.अपी.सं / **ITA No.1728/Hyd/2025**  
Assessment Year 2016-2017

Balguri Rajeshwar Rao, Hyderabad – 500 008. Telangana. PAN AWQPB0668R (Appellant)	vs.	The Income Tax Officer, Ward-11(1), Hyderabad. Telangana. (Respondent)
निर्धारिती द्वारा / Assessee by:	T Chaitanya Kumar, Advocate	
राजस्व द्वारा / Revenue by:	Helen Ruby Jesindha, Sr. AR	
सुनवाई की तारीख / Date of hearing:	23.12.2025	
घोषणा की तारीख / Pronouncement:	07.01.2026	

**आदेश / ORDER**

**PER VIJAY PAL RAO, VICE PRESIDENT :**

This appeal by the Assessee is directed against the Order dated 21.08.2025 of the learned CIT(A)-National Faceless Appeal Centre [in short “NFAC], Delhi, for the assessment year 2016-2017.

2. The assessee has raised the following grounds of appeal:

1. *“That the order passed by the Learned Commissioner of Income Tax (Appeals) under Section 250, dated 21.08.2025, confirming the assessment order passed under Section 147 r.w.s. 144 of the Income Tax Act, 1961, is contrary to law, facts, and circumstances of the case.*
2. *That the Learned Assessing Officer erred in reopening the assessment for A.Y. 2016-17 by issuing notice u/s 148 on 27.03.2023 by Jurisdictional Assessing Officer (JAO) without proper satisfaction or valid reasons, and hence the entire reassessment proceedings are bad in law and liable to be quashed.*
3. *The jurisdictional AO issued/handled u/s 148A(d) on 27.03.2023 contrary to the faceless regime mandated by s.151A read with CBDT's scheme/Notification, rendering the proceedings void ab initio. Telangana High Court in Kankanala Ravindra Reddy has held that reassessment under the post-2021 regime must follow the faceless procedure; non-adherence vitiates the action.*
4. *That the Learned Commissioner of income tax appeals erred in confirming the action of the Assessing Officer in making an addition of Rs.1,18,92,850/ u/s 69A of the Act towards alleged unexplained money without properly appreciating the nature of the transactions and the explanations submitted by the assessee.*
5. *That the authorities below failed to appreciate that the deposits reflected in the bank account were from recurring deposits and withdrawals of TDRs (Term Deposit Receipts), and from*

*agricultural and rental income, hence cannot be treated as unexplained income.*

6. *That the Learned CIT(A) erred in dismissing the appeal without properly considering the detailed written submissions and supporting bank statements clearly showing repeated deposits and withdrawals of the same TDR amounts.*
7. *That the reopening and assessment proceedings were completed without proper service of notices and without affording reasonable opportunity of being heard, which is in gross violation of principles of natural justice.*
8. *That the addition made merely on the basis of cash deposits without considering corresponding withdrawals results in double addition and is unsustainable both on facts and in law.*
9. *That the Learned CIT(A) erred in not appreciating that the Assessing Officer already had complete bank statements obtained u/s 133(6) and failed to verify the maturity and renewal of TDRs mentioned in the narration of transactions.*
10. *That the addition made u/s 69A without establishing that such cash represented unexplained income of the assessee is arbitrary, excessive, and deserves to be deleted.*
11. *That the appellant craves leave to add, alter, amend, or withdraw any of the above grounds at the time of hearing.”*

3. Brief facts of the case are that the assessee is an individual and engaged in Kirana business and other items and income from agriculture on the lands in the name of his wife and son. The assessee has not filed his return of income for the assessment year 2016-2017. As per the information

available with the department, the assessee deposited a sum of Rs.1,38,85,200/- in the bank account. In absence of return of income, the nature, source and genuineness of transactions remained unexplained and unaccounted for taxation, the Assessing Officer believed that income chargeable to tax has escaped assessment. Therefore, the Assessing Officer issued notice u/sec.148A(b) of the Income Tax Act [in short "the Act"], 1961 on 17.02.2023 calling the assessee to furnish his explanation. The assessee has filed his reply. However, the Assessing Officer being not satisfied with the explanation of the assessee has reopened the assessment u/sec.147 of the Act by issuing notice u/sec.148 of the Act dated 27.03.2023. Further, the Assessing Officer also issued notices u/sec.142(1) of the Act dated 25.08.2023, 24.11.2023 and show cause notices dated 20.12.2023 and 29.01.2024. Since the assessee did not comply with the notices, the Assessing Officer has made addition on account of unexplained money towards variations amounting to Rs.1,18,92,850/- u/sec.69A r.w.s.115BBE of the Income Tax

Act, 1961 vide order dated 14.02.2024 passed u/sec.147 r.w.s.144 r.w.s.144B of the Income Tax Act, 1961.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the learned CIT(A), but could not succeed.

5. Aggrieved by the order of the learned CIT(A), the assessee is in appeal before the Tribunal.

6. The learned Authorised Representative of the Assessee at the very outset, has invited the attention of the Bench to the ground nos.2 and 3 raised by the assessee challenging the validity of the notice issued by the Jurisdictional Assessing Officer [in short "JAO"], u/sec.148 of the Act dated 27.03.2023. When the Bench has asked a specific question whether this issue has been raised by the assessee in the grounds of appeal before the learned CIT(A), the learned Authorised Representative of the Assessee has fairly submitted that the assessee has not raised these grounds before the learned CIT(A), however, being a legal ground which goes to the root of the matter be admitted as

additional grounds. The learned Authorised Representative of the Assessee has submitted that these grounds of appeal nos.2 and 3 may be treated as additional grounds under Rule 11 of ITAT Rules, 1963.


7. We have heard the learned Authorised Representative of the Assessee and the learned DR on the admission of grounds of appeal nos.2 and 3/additional grounds. It is pertinent to note that for adjudication of the above grounds of appeal nos.2 and 3/additional grounds, no fresh material or record or facts are required to be investigated, verified or considered, but, the same can be adjudicated on the basis of the material and facts already on record. Accordingly, by following the Judgment of Hon'ble Supreme Court in the case of National Thermal Power Co. Ltd., vs., CIT [1998] 229 ITR 383 (SC), we admit the grounds of appeal nos.2 and 3/additional grounds raised by the assessee for adjudication.

8. The learned Authorised Representative of the Assessee has submitted that notice issued by the JAO u/sec.148 of the Act dated 27.03.2023 is not valid and

consequently, the re-assessment order on the ground that the procedure as per the National Faceless Assessment Scheme has not been followed and, therefore, the same is bad in law and liable to be set-aside. In support of this contention, the learned Authorised Representative of the Assessee has submitted that an identical issue has been decided by the Coordinate Bench of ITAT, Hyderabad Tribunal in favour of the assessee in the case of Vijay Kumar Kamdar, Adilabad vs., ITO, Ward-1, Adilabad in ITA.No.618/Hyd./2025 for the assessment year 2016-2017 vide order dated 08.10.2025 and relied on the order of the Tribunal.

9. On the other hand, the learned DR has relied upon the Orders of the authorities below and submitted that the issue is pending adjudication before the Hon'ble Supreme Court in the case of Hexaware Technology Ltd., in the SLP filed by the Department against the Judgment of Hon'ble High Court of Bombay and, therefore, the same may be kept in abeyance till the outcome of the SLP filed by the Department before the Hon'ble Supreme Court.

10. We have heard the learned Authorised Representative of the Assessee as well as the learned DR and considered the relevant material on record. At the outset, we note that the JAO, Ward-11(1), Hyderabad has issued notice u/sec.148A(b) on 17.02.2023 and, therefore, passed Order u/sec.148A(d) as well as notice u/sec.148 of the Act, both dated 27.03.2023 as under :

 <b>GOVERNMENT OF INDIA</b> <b>MINISTRY OF FINANCE</b> <b>INCOME TAX DEPARTMENT</b> <b>OFFICE OF THE INCOME TAX</b> <b>OFFICER</b> <b>WARD 11(1),HYDERABAD/</b>			
<b>To,</b> <b>BALGURI RAJESHWAR RAO</b> <b>H NO 4-6-137/27 LAXMI NILAYAM , SAI</b> <b>NAGAR ALLWYN COLONY KUKATPALLY</b> <b>HYDERABAD 500072 , Andhra Pradesh</b> <b>India</b>			
<b>PAN:</b> <b>AWQPB0668R</b>	<b>A.Y:</b> <b>2016-17</b>	<b>Dated:</b> <b>17/02/2023</b>	<b>DIN &amp; Notice No:</b> <b>ITBA/AST/F/148A(SCN)/2022-</b> <b>23/1049882168(1)</b>
<b><u>Notice under clause(b) of section 148A of the Income-tax Act,1961</u></b>			
<b>Sir/Madam/M/s</b>			
<p>Whereas I have information which suggests that income chargeable to tax for the Assessment Year <b>2016-17</b> has escaped assessment within the meaning of section 147 of the Income-tax Act, 1961. The details of the information/ enquiry conducted on which reliance is being placed, along with supporting documents, are <u>enclosed</u> with this notice.</p>			
<p>2.You are required to show-cause as to why, in view of the details contained in enclosures mentioned in point number 1 above, a notice section 148 of the Income tax Act, 1961 should not be issued.</p>			
<p>3.You may submit your reply to this notice, along with supporting documents (if any) on the above mentioned issues on or before <b>03/03/2023</b> electronically at <a href="http://www.incometax.gov.in">www.incometax.gov.in</a>.</p>			
<b>PAOKHOLEN MISAO</b> <b>WARD 11(1),HYDERABAD/</b>			



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
INCOME TAX DEPARTMENT  
OFFICE OF THE INCOME TAX OFFICER  
WARD 11(1),HYDERABAD/

To, BALGURI RAJESHWAR RAO H NO 4-6-137/27 LAXMI NILAYAM , SAI NAGAR ALLWYN COLONY KUKATPALLY HYDERABAD 500072 , Andhra Pradesh India
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PAN: AWQPB0668R	A.Y: 2016-17	Dated: 27/03/2023	DIN & Notice No: ITBA/AST/F/148A/2022-23/1051379688(1)
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Name of the assessee	BALGURI RAJESHWAR RAO
Address of the assessee	H NO 4-6-137/27 LAXMI NILAYAM , SAI NAGAR ALLWYN COLONY KUKATPALLY HYDERABAD 500072 , Andhra Pradesh India
Email of the assessee	kumar.company521@gmail.com
Resident/ Not Ordinarily Resident/ Non-Resident	Resident
Date of order	27/03/2023
Name and Designation of Specified Authority	ATUL PRANAY PCCIT, AP & TELANGANA
Specified Authority approval date	26/03/2023

**Order under clause (d) of section 148A of the Income-tax Act,1961**

This case is flagged in verification module of Insight Portal under category of "RMS (Non-filing of Return) Cycle-2" for F.Y. 2015-16 relevant to the A.Y. 2016-17. On verification of the underlying information available on the insight portal, it is found that the assessee has carried out the following high value financial transactions during the F.Y.2015-16:

Nature of Transactions	Amount Reported (in Rs.)
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Deposit In Cash aggregating Rs. 2,00,000/- or more, with a banking company	57,00,000/-
Deposited cash of Rs. 10,00,000 or more in a saving bank account	43,44,200/-
Time deposit exceeding Rs. 2,00,000/- with a banking company	38,41,000/-
Total	1,38,85,200/-

2. It is seen that in spite of entering into the high value transaction(s) amounting to Rs. 1,38,85,200/- during the F.Y.2015-16, the assessee did not file return of income for relevant asst. year i.e. A.Y.2016-17. Therefore, for providing an opportunity of being heard as per provision of section 148A(b) of the Income Tax Act, 1961, a notice under clause (b) of Section 148A of the Income-tax Act, 1961, was issued to the assessee on **17-02-2023** whereby the assessee was required to show-cause as to why notice u/s.148 should not be issued on the basis of above information which suggests that income chargeable to tax has escaped assessment. The said notice was served on the assessee through speed post. The assessee was required to furnish reply to the Show Cause Notice issued on or before 03.03.2023. In response of the above letter, the assessee has filed reply and furnished the relevant information.

3. The assessee has submitted that during the F.Y. 2015-16, he was engaged in the business of trading Kirana and other items and he had made cash deposits of Rs.33,45,200/- during the F.Y. 2018-19 from the business income and agricultural income. The assessee has furnished statement of bank account.

4. The information submitted by the assessee has been examined with respect to the information available on record. It has been found that the assessee has furnished incomplete statement of bank account for A.Y.2016-17. Further, the assessee has not submitted any documentary evidences regarding cash deposits in bank account. Hence, the total value of cash deposits amounting to Rs.1,00,44,200/- is treated as income chargeable to tax in the hand of assessee for A.Y. 2016-17.

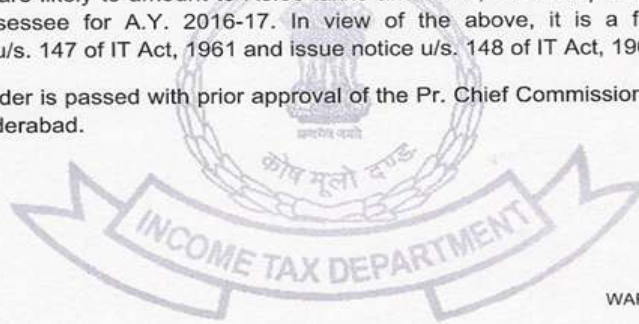
Further, as per information available, the assessee has made time deposits of Rs. 38,41,000/- for which the assessee has not submitted any explanation. Hence, total value of time deposits amounting to Rs. 38,41,000/- is treated as income chargeable to tax in the hand of the assessee for A.Y. 2016-17.

5. In view of the above, as the assessee has submitted only partly information and failed

to give satisfactory explanation regarding the transaction carried on by him during the relevant year. Therefore, the aggregate value of cash deposits and time deposits amounting to Rs. 1,38,85,200/- as reported in insight portal is treated as income chargeable to tax in the hands of the assessee for A.Y. 2016-17.

6. In view of the above, it is clear that the assessee has carried out high value transactions in the form of cash deposits of Rs. 1,00,44,200/- and time deposits of Rs. 38,41,000/-. Further, the assessee has not filed return of income for A.Y. 2016-17 and failed to admit any income for the A.Y. 2016-17. In absence of documentary evidences and satisfactory explanation regarding above transactions, the information in possession of this office suggests that the total value of transaction, in form of cash deposits and time deposits, aggregating to Rs. 1,38,85,200/- is income chargeable to tax represented in the form of asset, which are likely to amount to Rs.50 lakhs and more, has escaped assessment in the hands of assessee for A.Y. 2016-17. In view of the above, it is a fit case to initiate proceedings u/s. 147 of IT Act, 1961 and issue notice u/s. 148 of IT Act, 1961.

7. This order is passed with prior approval of the Pr. Chief Commissioner of Income Tax, AP & TS, Hyderabad.



PAOKHOLEN MISAO  
WARD 11(1),HYDERABAD/



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
INCOME TAX DEPARTMENT  
OFFICE OF THE INCOME TAX  
OFFICER  
WARD 11(1),HYDERABAD/

To,  
**BALGURI RAJESHWAR RAO**  
H NO 4-6-137/27 LAXMI NILAYAM , SAI  
NAGAR ALLWYN COLONY KUKATPALLY  
HYDERABAD 500072 , Andhra Pradesh  
India

PAN:  
AWQPB0668R

A.Y:  
2016-17

Dated:  
27/03/2023

DIN & Notice No:  
ITBA/AST/S/148\_1/2022-  
23/1051397562(1)

**Notice under section 148 of the Income-tax Act,1961**

Sir/Madam/ M/s.

- I have the following information in your case or in the case of the person in respect of which you are assessable under the Income tax Act, 1961(here in after referred to as "the Act") for Assessment Year 2016-17
  - information in accordance with the risk management strategy formulated in this regard



suggesting that income chargeable to tax has escaped assessment within the meaning of section 147 of the Act. Order under sub-section (d) of section 148A of the Act has been passed in such case vide DIN ITBA/AST/F/148A/2022-23/1051397562(1) dated 27/03/2023 and annexed herewith for reference,

- I, therefore, propose to assess or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for the Assessment Year 2016-17 and I, hereby, require you to furnish, within 30 days from the service of this notice, a return in the prescribed form for the Assessment Year 2016-17.


PAOKHOLEN MISAO  
WARD 11(1),HYDERABAD/

11. Thus, it is clear that the notice issued u/sec.148A(b), Order u/sec.148A(d) and notice u/sec.148 for reopening of the assessment were issued by the Jurisdictional Assessing Officer, without following the procedure as per the National Faceless Assessment Scheme prescribed u/sec.144B read with Section 151A of the Act. An identical issue has been considered by this Bench of Hyderabad Tribunal in the case of Vijay Kumar Kamdar, Adilabad vs., ITO, Ward-1, Adilabad (supra) in Para Nos.7 to 9 as under :

“7. We have considered the rival submissions as well as relevant material on record. The Assessing Officer has issued notice u/sec.148A(b) of the Act on 03.03.2023 which reads as under :

 GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE INCOME TAX OFFICER WARD 1,ADILABAD/			
To: VIJAY KUMAR KAMDAR 0 PROP: VIJAY OIL INDUSTRIES , ADILABAD ADILABAD 504001 , Telangana India			
PAN: AJMPK2305D	A.Y: 2016-17	Dated: 03/03/2023	DIN & Notice No: ITBA/AST/F/148A(SCN)/2022- 23/1050369100(1)
<b>Notice under clause(b) of section 148A of the Income-tax Act,1961</b>			
Sir/Madam/M/s Whereas I have information which suggests that income chargeable to tax for the Assessment Year 2016-17 has escaped assessment within the meaning of section 147 of the Income-tax Act, 1961. The details of the information/ enquiry conducted on which reliance is being placed, along with supporting documents, are enclosed with this notice. 2. You are required to show-cause as to why, in view of the details contained in enclosures mentioned in point number 1 above, a notice section 148 of the Income tax Act, 1961 should not be issued. 3. You may submit your reply to this notice, along with supporting documents (if any) on the above mentioned issues on or before 09/03/2023 electronically at <a href="http://www.incometax.gov.in">www.incometax.gov.in</a> .			
DURGAM PARTHASARATHI WARD 1,ADILABAD/			

7.1. Thus, it is clear that the said notice was issued by the Jurisdictional Assessing Officer. Thereafter, the Assessing Officer passed an order u/sec.148A(d) dated 22.03.2023 by holding that "he has satisfied that it is a fit case for issue of notice u/sec.148 of the Act". The same is reproduced as under:

		GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE INCOME TAX OFFICER WARD 1,ADILABAD/	
To, VIJAY KUMAR KAMDAR 0 PROP: VIJAY OIL INDUSTRIES , ADILABAD ADILABAD 504001 , Telangana India			
PAN: AJMPK2305D	A.Y: 2016-17	Dated: 23/03/2023	DIN & Notice No: ITBA/AST/F/148A/2022-23/1051160628(1)
Name of the assessee	VIJAY KUMAR KAMDAR		
Address of the assessee	0 PROP: VIJAY OIL INDUSTRIES , ADILABAD ADILABAD 504001 , Telangana India		
Email of the assessee	vinayakaginning@gmail.com		
Resident/ Not Ordinarily Resident/ Non-Resident	Resident		
Date of order	23/03/2023		
Name and Designation of Specified Authority	ATUL PRANAY PCCIT, AP & TELANGANA		
Specified Authority approval date	22/03/2023		
<b>Order under clause (d) of section 148A of the Income-tax Act,1961</b>			
In the case of VIJAY KUMAR KAMDAR (PAN AJMPK2305D) information is received in this office in INSIGHT Portal under High Risk CRIU/VRU - PAN Cases under Verification Module for the F.Y.2015-16 relevant to the A.Y.2016-17. The information received in the case is as under:-			

Related Person Detail

PAN	AJMPK2305D		
Name	KAMDAR VIJAYKUMAR NANDALAL		
Address	A/P-4-2-164 RANISATHI COLONY ADILABAD(ANDHRAPRADESH)		
Pincode			
Mobile		Email	

Packet Details

Case Packet Source	Search
Packet Source Description	Renumamata_Search
Primary Source PAN	AADAS7782D
Primary Source Name	Renumamata Multistate Co-Operative Urban Credit Society Limited
Address	
Mobile	
Email	

Information Details

S.No.	Source PAN	Source PAN Name	Information FY	Information Type	Information Value	Information Date	Remarks
1	AADAS7782D	Renumamata Multistate Co-Operative Urban Credit Society Limited	2015-16	Unaccounted Investment	19810465		Cash Deposits

2. As no bank statements are available in the INSIGHT portal, for the purpose of obtaining bank statements and causing other enquiries permission was sought for from the Pr.CCIT, AP& Telangana, Hyderabad for conducting enquiries u/s. 148A of the Income Tax Act, 1961 on 22-02-2023. Soon after receipt of permission from the Pr.CCIT on 22-02-2023, letter dated 22-02-2023 was addressed to M/s. RENUKA MATA MULTISTATE CO-OPERATIVE URBAN CREDIT SOCIETY LIMITED and the bank statement(s) for the F.Y. 2015-16 relevant to A.Y.2016-17 was obtained. As per the bank statement, there are total credits of Rs. 1,98,10,479 in the accounts of the assessee held with M/s. RENUKA MATA MULTISTATE CO-OPERATIVE URBAN CREDIT SOCIETY LIMITED.

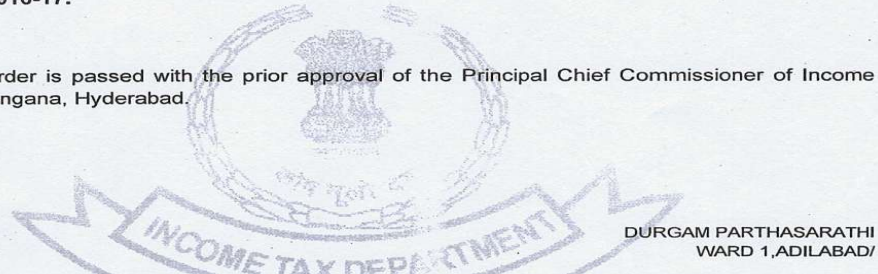
3. It is seen that in spite of entering into the above high value transaction(s) i.e. credits in the bank account during the F.Y.2015-16, the assessee did not disclose the cash credits in the return of income filed for A.Y.2016-17. Therefore for providing an opportunity of being heard as per provision of section 148A(b) of the Income Tax Act, 1961, a Notice under clause (b) of Section 148A of the Income-tax Act, 1961, was issued to the assessee vide DIN & Notice No:ITBA/AST/F/148A(SCN)/ 2022-23/1050369100(1) dated 03/03/2023 wherein the assessee was required to show-cause as to why Notice u/s.148 should not be issued on the basis of above information which suggests that income chargeable to tax has escaped assessment. The said Notice was served on the assessee on 03-03-2023 electronically.

4. The assessee was required to furnish reply to the Show Cause Notice issued on or before 09.03.2023. However, the assessee has sought for source information based on which show cause


notice issued. The assessee was provided the source information and was requested to furnish response to the show cause notice immediately. However, the assessee has not furnished response to the show cause notice till date.

5. In the absence of response to Show Cause, it is treated that the assessee has nothing to say and it is treated that the assessee has no objection for issue of Notice u/s. 148 for the A.Y.2016-17. Therefore, it has to be concluded that income in the form of asset i.e. Credits in the bank account(s) of Rs. 1,98,10,479 liable to tax has escaped assessment in this case for A.Y. 2016-17. In view of the above facts and on the basis of material available on record, I am satisfied that the case of VIJAY KUMAR KAMDAR (PAN AJMPK2305D) is a FIT CASE case for issuance of notice u/s 148 of the Act for A.Y. 2016-17.

6. This order is passed with the prior approval of the Principal Chief Commissioner of Income Tax, AP& Telangana, Hyderabad.



7.2. Thereafter, the Assessing Officer has issued notice u/sec.148 of the Act dated 23.03.2023 which reads as under:

		<b>GOVERNMENT OF INDIA</b> <b>MINISTRY OF FINANCE</b> <b>INCOME TAX DEPARTMENT</b> <b>OFFICE OF THE INCOME TAX</b> <b>OFFICER</b> <b>WARD 1, ADILABAD/</b>	
<b>To,</b> <b>VIJAY KUMAR KAMDAR</b> <b>4-2-391 SARI RANI SATIJI COL , GANDHI</b> <b>CHOWK</b> <b>ADILABAD , Andhra Pradesh</b> <b>India</b>			
<b>PAN:</b> <b>AJMPK2305D</b>	<b>A.Y:</b> <b>2016-17</b>	<b>Dated:</b> <b>23/03/2023</b>	<b>DIN &amp; Notice No:</b> <b>ITBA/AST/S/148 1/2022-</b> <b>23/1051160793(1)</b>
<b>Notice under section 148 of the Income-tax Act,1961</b>			
<b>Sir/Madam/ M/s.</b>			
<p>1. I have the following information in your case or in the case of the person in respect of which you are assessable under the Income tax Act, 1961(here in after referred to as "the Act") for Assessment Year <b>2016-17</b></p> <ul style="list-style-type: none"> <li>information in accordance with the risk management strategy formulated in this regard</li> </ul> <p>suggesting that income chargeable to tax has escaped assessment within the meaning of section 147 of the Act. Order under sub-section (d) of section 148A of the Act has been passed in such case vide DIN <b>ITBA/AST/F/148A/2022-23/1051160628(1)</b> dated <b>23/03/2023</b> and annexed herewith for reference,</p>			
<p>2. I, therefore, propose to assess or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for the Assessment Year <b>2016-17</b> and I, hereby, require you to furnish, within 30 days from the service of this notice, a return in the prescribed form for the Assessment Year <b>2016-17</b>.</p>			
<b>DURGAM PARTHASARATHI</b> <b>WARD 1, ADILABAD/</b>			


7.3. It is manifest from the above notice as well as the Order u/sec.148A(d) of the Act that these proceedings were conducted by the Jurisdictional Assessing Officer and not in the Faceless manner as prescribed under the Income Tax Act. At the outset, we note that an identical issue has been considered by the Coordinate Bench of ITAT, Hyderabad in the case of *M/s. Pitti Holdings Pvt. Ltd., Hyderabad vs., ACIT, Central Circle-1(1), Hyderabad* in ITA.No.450/Hyd./2025 for the assessment year 2018-2019 vide Order even date wherein the Tribunal in paras 5 to 5.2 of its Order held as under :

“5. We have heard the Learned Authorised Representative and Learned Departmental Representative on this issue which is pending adjudication before the Hon’ble Supreme Court. Ld. AR has relied upon the judgment of Hon’ble jurisdictional High Court in the case of **Kanakala Ravindra Reddy Vs. ITO** 156 taxman.com 478 and submitted that the impugned reassessment order is not valid and liable to be set aside. Having considered the rival submissions as well as relevant material on record, at the outset we note that the coordinate bench of this Tribunal in the case of **Kanakala Ravindra Reddy Vs. ITO** (supra) has considered an identical issue vide order dated 04.09.2025 in para Nos.9 to 16 as under :

“9. We have considered the rival submissions as well as material on record. In the case of the assessee, notice u/sec.148A(b) was issued on

21.02.2023 by JAO. For ready reference, the same is reproduced as under :

10. Thereafter, the AO also passed an order u/s 148A(d) on 29.03.2023, wherein, the AO has recorded that, despite sufficient time allowed to the assessee in accordance with the provisions of section 148A(b) for compliance to the show cause notice dated 21.02.2023, there is no compliance on behalf of the assessee to the said show cause notice. The AO decided that it is a fit case for issue of notice u/s 148 of the Act and consequently notice u/s 148 was issued on 30.03.2023 as under :

		<b>GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE ASSISTANT COMMISSIONER OF INCOME TAX CIRCLE 1, KARIMNAGAR</b>	
<b>To,</b> <b>KOTHA KANTHAIAH</b> <b>HNO 7-3-234 JANGAM WARD 8 , JANGAM</b> <b>RAMGUNDAM</b> <b>KARIMNAGAR 505208 , Andhra Pradesh</b> <b>India</b>			
<b>PAN:</b> <b>AQBPK7356C</b>	<b>A.Y:</b> <b>2016-17</b>	<b>Dated:</b> <b>30/03/2023</b>	<b>DIN &amp; Notice No:</b> <b>ITBA/AST/S/148 1/2022-</b> <b>23/1051671241(T)</b>
<b>Notice under section 148 of the Income-tax Act, 1961</b>			
Sir/Madam/ M/s.			
1. I have the following information in your case or in the case of the person in respect of which you are assessable under the Income tax Act, 1961 (here in after referred to as "the Act") for Assessment Year 2016-17. <ul style="list-style-type: none"> <li>• Information in accordance with the risk management strategy formulated in this regard suggesting that income chargeable to tax has escaped assessment within the meaning of section 147 of the Act. Order under sub-section (d) of section 148A of the Act has been passed in such case vide DIN ITBA/AST/F/148A/2022-23/1051563421(1) dated 29/03/2023 and annexed herewith for reference,</li> </ul>			
2. I, therefore, propose to assess or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for the Assessment Year 2016-17 and I, hereby, require you to furnish, within 30 days from the service of this notice, a return in the prescribed form for the Assessment Year 2016-17.			
LAXMI PAVANA GAYATHRI MUKKERA CIRCLE 1, KARIMNAGAR			

11. Undisputedly, the show cause notice u/s 148A(b) as well as notice u/s 148 were issued by the JAO and not by the faceless Assessing Officer. At the outset, we note that the Hon'ble Jurisdictional High Court has considered an identical issue in assessee's own case for the immediate preceding assessment year i.e. 2015-16 vide judgement dated 24.04.2025 in W.P.No.344 of 2025 and has recorded the issue involved in the said petition in para 4 of the said judgement as under :

"4. The contention of the petitioner is that the issue of proceedings being in violation of the Finance Act, 2021 ie., the impugned notices under Section 148A and Section 148 of the Act not being issued in a faceless manner, have already been dealt with and decided by this Court in the case of KANKANALA RAVINDRA REDDY vs. INCOME-TAX OFFICER decided on 14.09.2023 whereby a batch of writ petitions were allowed and the proceedings initiated under Section 148A as also under Section 148 of the Act were held to be bad with consequential reliefs on the ground of it being in violation of the provisions of Section 151A of the Act read with Notification 18/2022 dated 29.03.2022. The said judgment passed by this Court has also been subsequently followed in a large number of writ petitions which were allowed on similar terms.

12. It was further noted by the Hon'ble jurisdictional High Court that this issue has been decided against the Revenue by various High Courts and the details of all the judgements of various High Courts are given in para 5 of the said judgement as under:

"5. Down the line, we find that the same issue has also been decided against the Revenue by various High Courts i.e.. by the Bombay High Court in the case of *HEXAWARE TECHNOLOGIES LTD., vs. ASSISTANT COMMISSIONER OF INCOME TAX & OTHERS*, Gauhati High Court in the case of *RAM NARAYAN SAH vs. UNION OF INDIA*', Punjab and Haryana High Court in the case of *JATINDER SINGH BANGU vs. UNION OF INDIA*, and Telangana High Court in the case of *SRI VENKATARAMANA REDDY PATLOOLA vs. DEPUTY COMMISSIONER OF INCOME TAX* where the issue was in respect of international taxation, Bombay High Court in the case of *ABHIN ANILKUMAR SHAH vs. INCOME TAX OFFICER, INTERNATIONAL TAXATION* which again on is international taxation and central circle, High Court of Himachal Pradesh in the case of *GOVIND SINGH vs. INCOME TAX OFFICER*, Gujarat High Court in the case of *MANSUKHBHAI DAHYABHAI RADADIYA VS. INCOME TAX OFFICER, WARD 3(3)(5)*", Jharkand High Court in the case of *SHYAM SUNDAR SAW vs. UNION OF INDIA*", Rajasthan High Court in the case of *SHARDA DEVI CHHAJER vs. INCOME TAX OFFICER & ANOTHER* and batch of writ petitions" which stood decided on 19.03.2024. Similar views have also been taken by the Division Bench of

*Calcutta High Court in the case of GIRDHAR GOPAL DALMIA vs. UNION OF INDIA & ORS (M.A.T 1690 of 2023), decided on 25.09.2024.”*

13. *In light of various judgements of the Hon'ble High Courts, including the judgement of the jurisdictional High Court in the case of Kankanala Ravindra Reddy Vs. Income Tax Officer [2024] 156 taxmann.com 478 (Gauhati), the Hon'ble High Court has held in para 13 to 19 as under:*

*“13. Another aspect which needs to be considered is that in fact it should have been realized by the Income Tax Department itself and should have found out via media in ensuring that proceedings under Sections 148-A and 148 should not have been issued in a faceless manner, at least till the Hon'ble Supreme Court decide the twelve hundred (1200) odd SLPs which it is already seized of or, at least the Income Tax Department should have found out some remedial steps to ensure that wherever the authorities intend to initiate proceedings under Sections 148-A and 148, other than in a faceless manner, the proceedings should have been deferred without precipitating the matter further intimating the assessee that they shall initiate appropriate proceedings only after the SLP's are decided by the Hon'ble Supreme Court on the very same issue. This again, the Income Tax Department, has not been able to give a convincing reply, except for the fact that such a decision if at all has to be taken, has to be taken for the whole of India, and which otherwise has to be by way of a policy decision and that too at the level of Central Board of Direct Taxes.*

*Though the learned Standing Counsel for the Income Tax Department contended that the Delhi High Court dismissed a writ petition of similar nature, on the one hand when the High Court is struggling to reduce its pendency, such notices which are under challenge in this writ petition are forcing the assessee to knock the doors of this High Court resulting in filing of hundreds of new writ petitions which in the long run not only affects the disposal of the writ petitions but also consumes substantial time of the Bench in hearing these matters again and again on daily basis. Admittedly, in spite of the matter before the Hon'ble Supreme Court having been taken on many occasions, the Hon'ble Supreme Court which is seized of the matter has been reluctant in granting any interim protection to the Income Tax Department. Yet, the authorities concerned at the State level are not ready to accept the verdict passed by a majority of High Courts of different States on the same issue; and to make things further worse, the Income Tax Department is showing audacity by issuing notices continuously under Sections 148-A and 148 through the jurisdictional Assessing Officer whereas it ought to have been only in the faceless manner.*

14. *In the case of BANK OF INDIA vs. ASSISTANT COMMISSIONER, INCOME TAX", on an issue whether it was justifiable on the part of the Income Tax Department in not following an order passed by the adjudicating authority only on the ground that the appeals are pending,*

*the Division Bench of the High Court of Bombay held at paragraph No.25 as under, viz.,:*

"25. Mr. Paridwalla has rightly drawn out attention to the decision of this Court in *Commissioner of Income Tax vs. Smt. Godavaridevi Saraf*<sup>1</sup> as also the recent decision of the co-ordinate Bench of this Court in *Samp Furniture (P) Ltd. v. ITO* of which one of us (Justice G.S. Kulkarni) was a member, wherein the Court categorically observed that the Revenue having not "accepted" the judgment of the High Court would not mean that till the same is set aside in a manner known to law, it would lose its binding force. Referring to the decision of the Supreme Court in *Union of India vs. Kamlakshi Finance Corporation Ltd.*", the Court observed that the approach of the officials of Revenue of treating decisions being "not acceptable" was criticized by the Supreme Court. In such decision, following are the relevant observations made by the Supreme Court.

**[(2025) 170 taxmann.com 422 (Bombay)] 12 [1978] 113 ITR 589 (Bombay) 13 [2024] 165 taxmann.com 581/300 Taxman 452 (Bombay) 14 [1992] taxmann.com 16/55 ELT 433 (SC)**

"6. Sri Reddy is perhaps right in saying that the officers were not actuated by any mala fides in passing the impugned orders. They perhaps genuinely felt that the claim of the assessee was not tenable and that, if it was accepted, the Revenue would suffer. But what Sri Reddy overlooks is that we are not concerned here with the correctness or otherwise of their conclusion or of any factual malafides but with the fact that the officers, in

*reaching In their conclusion, by-passed two appellate orders in regard to the same issue which were placed before them, one of the Collector (Appeals) and the other of the Tribunal. The High Court has, in our view, rightly criticized this conduct of the Assistant Collectors and the harassment to the assessee caused by the failure of these officers to give effect to the orders of authorities higher to them in the appellate hierarchy. It cannot be too vehemently emphasized that it is of utmost importance that, in disposing of the quasi-judicial issues before them, revenue officers are bound by the decisions of the appellate authorities. The order of the Appellate Collector is binding on the Assistant Collectors working within his jurisdiction and the order of the Tribunal is binding upon the Assistant Collectors and the Appellate Collectors who function under the jurisdiction of the Tribunal. The principles of judicial discipline require that the orders of the higher appellate authorities should be followed unreservedly by the subordinate authorities. The mere fact that the order of the appellate authority is not "acceptable" to the department in itself an objectionable phrase and is the subject matter of an appeal can furnish no ground for not following it unless its operation has been suspended by a competent court. If this healthy rule is not followed, the result will only be undue harassment to assesses and chaos in administration of tax laws.*

...                      ....                      .....

12.                      *We have dealt with this aspect at some length, because it has been suggested by the learned Additional Solicitor General that the observations made*

*by the High Court, have been harsh on the officers. It is clear that the observations of the High Court, seemingly vehement, and apparently unpalatable to the Revenue, are only intended to curb a tendency in revenue matters which, if allowed to become widespread, could result in considerable harassment to the assesses-public without any benefit to the Revenue. We would like to say that the department should take these observations in the proper spirit. The observations of the High Court should be kept in mind in future and the utmost regard should be paid by the adjudicating authorities and the appellate authorities to the requirements of judicial discipline and the need for giving effect to the orders of the higher appellate authorities which are binding on them."*

15. *What is worrying this Bench more is the fact that an endeavour is being made whole heartedly to ensure not to generate further litigation on issues which have been laid to rest by a large number of High Courts all of whom have taken a consistent stand that the action of the Income Tax Department being violative of the Finance Act, 2020 and Finance Act, 2021. Now, in order to protect the interest of the Revenue as also that of the assessee, it would be trite at this juncture, if we dispose of the writ petition with an observation/direction that the disposal of the instant writ petition in terms of the judgment rendered by this High Court in the case of Kankanala Ravindra Reddy (1 supra) shall however be subject to the outcome of the SLPs which were filed by the Income Tax Department and which is pending consideration before the Hon'ble Supreme Court.*

16. *In the given facts and circumstances, this Bench is of the considered opinion that unless and until we do not timely dispose of matters which are squarely covered by the decision of this Court and which stands fortified by the decisions of the various other High Courts on the very same issue, the pendency of this High Court would further be burdened which otherwise can be decided and disposed of as a covered matter.*

17. *So far as the interest of the Revenue is concerned, we are of the considered opinion that the interest of the Revenue has already been considered and protected, as has been observed in paragraphs 36, 37 and 38 of the order which, for ready reference, is reproduced hereunder:*

*“36. For all the aforesaid reasons, the impugned notices issued and the proceedings drawn by the respondent-Department is neither tenable, nor sustainable. The notices so issued and the procedure adopted being per se illegal, deserves to be and are accordingly set aside/ quashed. As a consequence, all the impugned orders getting quashed, the consequential orders passed by the respondent-Department pursuant to the notices issued under Section 147 and 148 would also get quashed and it is ordered accordingly. The reason we are quashing the consequential order is on the principles that when the initiation of the proceedings itself was procedurally wrong, the subsequent orders also gets nullified automatically.*

37. *The preliminary objection raised by the petitioner is sustained and all these writ petitions stands allowed on this very jurisdictional issue. Since the*

*impugned notices and orders are getting quashed on the point of Jurisdiction, we are not inclined to proceed further and decide the other issues raised by the petitioner which stands reserved to be raised and contended in an appropriate proceedings.*

38. *Since the Hon'ble Supreme Court had, in the case of Ashish Agarwal, supra, as a one-time measure exercising the powers under Article 142 of the Constitution of India, permitted the Revenue to proceed under the substituted provisions, and this Court allowing the petitions only on the procedural flaw, the right conferred on the Revenue would remain reserved to proceed further if they so want from the stage of the order of the Supreme Court in the case of Ashish Agarwal, supra."*

18. *We would only further like to make observations that since we are inclined to dispose of the instant writ petition, conscious of the fact that the earlier order of this High Court in the case of Kanakala Ravindra Reddy (1 supra) is subjected to challenge before the Hon'ble Supreme Court in SLP No.3574 of 2024, preferred by the Income Tax Department, we make it clear that allowing of the instant writ petition is subject to outcome of the aforesaid SLP preferred by the Revenue against the decision of this High Court in the case of Kanakala Ravindra Reddy (1 supra). This, in other words, would mean that either of the parties, if they so want, may move an appropriate petition seeking revival of this writ petition in the light of the decision of the Hon'ble Supreme Court in the pending SLP on the very same issue.*

19. *Accordingly, the instant writ petition stands allowed in favour of the assessee so far as the issue of jurisdiction is concerned. As a*

*consequence, the impugned notice under challenge under Sections 148-A and 148 stands set aside/quashed. The consequential orders, if any, also stand set aside/quashed in similar terms as have been passed by this High Court in the case of Kankanala Ravindra Reddy (1 supra). There shall be no order as to costs.*

*Consequently, miscellaneous petitions pending, if any, shall stand closed.*

14. *Thus, it is clear that the issue raised by the assessee in the present appeal is now covered by the decision of Hon'ble Jurisdictional High Court in the assessee's own case for the A.Y.2016-17. As regards the contention of the Ld.DR that no such issue was raised by the assessee before the authorities below, we find from the Grounds of Appeal raised before the CIT(A) that the assessee had raised this issue in ground No.2 to 5 as under :*

*"2. On the facts and in the circumstances of the case and in law, the Jurisdictional Assessing Officer erred by initiating proceedings u/s 147 of the Act, simply relied on the SFT information shown in the verification module of Insight Portal at the time of reopening, however, either no information gathered or not conducted any Inquiry further in order to form an honest, and a reasonable belief that certain income had escaped assessment in the case of the appellant, As such, said proceedings and the consequent order ought to be declared full and void-ab-Initio.*

3 *The Notice issued up 148 of the Act, 1901 dated 30.03.2023 is illegal and unsustainable in law since the income alleged to have escaped assessment, actually is far below the threshold limit of Rs50 Lacs in the present case, it is actually*

*Rs.30.61,000/- only and thereby, barred by limitation under the provisions of section 149(1) (a) of the Act. Since the impugned notice issued u/s.148 of the LT Act, 1961 dated 30.03.2023, legal and unsustainable in law, accordingly, the impugned reassessment order u/s.147 r.w.s.144B of the Act dated 01.03.2024 and the notice of demand dated 01.03.2024 Issued u/s 158 of the Act are also bad in law and unsustainable and the same, is hereby, quashed and set aside.*

4 *On the facts and in the circumstances of the case and in law, the Assessment Unit/NaFAC erred by making the additions without supplying the relevant documents or tangible material to the appellant and without obtaining the bank account statement(s) relied on which the case was reopened by the JAO, as such, said proceedings and the consequent order ought to be declared null and void-ab-Initio.*

5. *On the facts and in the circumstances of the case and in law, the Jurisdictional Assessing Officer erred in the proceedings Initiated u/s 147 of the Act without following due procedure prescribed by CBDT vide Instruction No F.No.299/ 10/2022-Dir(Inv.1)/647 dt., 22.08.2022 and accordingly the said proceedings and the consequent order ought to be declared null and void ab initio."*

15. *In view of the facts emanating from the record, we find that the assessee has duly raised this issue before the CIT(A) and therefore, the contention raised by the Ld.DR is devoid of any merit. Accordingly, the show cause notice issued u/s 148A(b) dated 21.02.2023 as well as notice issued u/s 148 dated 30.03.2023 by the JAO are not valid and liable to be quashed. We order accordingly.*

16. *However, since the matter is pending adjudication before the Hon'ble Supreme Court and Hon'ble High Court has also given the liberty to the parties to move an appropriate petition, seeking revival of W.P. in light of judgement of Hon'ble Supreme Court on this very issue, we also grant liberty to the parties to get this appeal revived, if, in case the judgement of the Hon'ble Supreme Court on this issue necessitate to modify this order."*

5.1. *In the case in hand it is not disputed that the notice u/s. 148 of the Act was issued by the JAO and not by the Faceless Assessing Officer. By following the judgment of Hon'ble jurisdictional High Court in the case of Kotha Kanthaiiah dated 24.04.2025 in Writ Petition No.344 of 2025 as well as the decision of co-ordinate bench of this Tribunal (supra), we hold that the notice issued u/s. 148A(b) of the Act as well as the decision of co-ordinate bench as well as u/s. 148 of the Act in the case of the assessee by the JAO are not valid and liable to be set aside. We order accordingly.*

5.2. *Since the matter is pending adjudication before the Hon'ble Supreme Court and the Hon'ble High Court in the case of Kotha Kanthaiiah (supra) has also given the liberty to the parties to move an appropriate petition seeking revival of the petition in the light of judgement of Hon'ble Supreme Court on this very issue, therefore, we grant the liberty to the parties to get this appeal revived, if judgment of Hon'ble Supreme Court on this issue necessitate to modify this order.*

7.4. *Thus, it is clear that the Hon'ble Jurisdictional High Court for the State of Telangana has taken a consistent view that the notice u/sec.148 of the Act by the Jurisdictional Assessing Officer is not valid and liable to be set-aside/quashed. We, therefore, by respectfully following*

*the Judgment of Hon'ble Jurisdictional High Court for the State of Telangana as well as the decisions of this Tribunal (supra), we hold that, the notice issued by the Jurisdictional Assessing Officer u/sec.148A(b) dated 03.03.2023 as well as notice issued u/sec.148 dated 23.03.2023 are not valid and liable to be quashed. We order accordingly.*

8. *Further, since the issue is pending for adjudication before the Hon'ble Supreme Court in the SLP filed by the Department in the case of Hexaware Technology Ltd., against the Judgment of Hon'ble High Court of Bombay and the Order of Hon'ble Jurisdictional High Court for the State of Telangana in the case of Kotha Kanthaiah, Karimnagar in WP.No.344 of 2025, dated 24.04.2025 (supra) has also given the liberty to the parties to move an appropriate petition seeking revival of the petition in light of Judgment of Hon'ble Supreme Court in the case of Hexaware Technology Ltd., (supra) on this issue. Therefore, we grant liberty to the parties to get this appeal revived, if the Judgment of Hon'ble Supreme Court on this issue necessitates to modify this Order. Accordingly, grounds of appeal nos.2 to 6 are allowed.*

9. *Since we have quashed the notice issued u/sec.148 of the Act and consequently, vitiates the re-assessment order passed by the Assessing Officer. Therefore, we do not propose to adjudicate the other grounds of appeal raised by the assessee on the merits of the additions.”*

12. Respectfully following the Judgment of Hon'ble Jurisdictional High Court as relied upon by this Tribunal in the earlier Order (supra) as well as to maintain rule of consistency, we decide this issue in favour of the assessee by holding that the notice issued u/sec.148 of the Act by the JAO without following the procedure provided u/sec.144B read with Section 151A is invalid and liable to be quashed. We Order accordingly.

13. Since the matter is pending adjudication before the Hon'ble Supreme Court in the case of Hexaware Technology Ltd., therefore, the parties are at liberty to get this appeal revived as per the outcome of the SLP on the same issue pending adjudication before the Hon'ble Supreme Court. Since, we have quashed the notice issued u/sec.148 of the Act, it also vitiates the re-assessment order passed by the Assessing Officer, therefore, we do not propose to decide other grounds which are also not pressed by the learned Authorised Representative of the Assessee at this stage and prayed

for keeping the same open, if need arises. Hence, the other issues raised by the assessee are kept open.

14. In the result, appeal of the Assessee is allowed.

Order pronounced in the open Court on 07.01.2026.

Sd/-  
[MADHUSUDAN SAWDIA]  
ACCOUNTANT MEMBER

Sd/-  
[VIJAY PAL RAO]  
VICE PRESIDENT

Hyderabad, Dated 07<sup>th</sup> January, 2026

VBP

Copy to:

1.	Balguri Rajeshwar Rao, E-Block, Flat No.101, Aditya Empress Towers, Shaikpet Nala, Tolichowki, Hyderabad – 500 008. Telangana.
2.	The Income Tax Officer, Ward-11(1), Signature Towers, Near Ratnadeep Supermarket, Opp. Botanical Gardens, Kondapur, Hyderabad – 500 084.
3.	The Pr. CIT, Hyderabad.
4.	The DR, ITAT, “A” Bench, Hyderabad.
5.	Guard file.

BY ORDER

//True copy//