आयकर अपीलीय अधिकरण, हैदराबाद पीठ

IN THE INCOME TAX APPELLATE TRIBUNAL

Hyderabad 'SMC' Bench, Hyderabad

श्री रवीश सूद, माननीय न्यायिक सदस्य एवं श्री मधुसूदन सावडिया, माननीय लेखा सदस्य

SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

AND

SHRI MADHUSUDAN SAWDIA HON'BLE ACCOUNTANT MEMBER

आयकरअपीलसं./**I.T.A. No.1591/Hyd/2025**

(निर्धारणवर्ष/ **Assessment Year:2020-21)**

Prabhakar Reddy Basireddy, Nalgonda. PAN: BCEPB2305J	*VS.*	Dy. Commissioner of Income Tax, Central Circle-1(1), Hyderabad.
(अपीलार्थी/ Appellant)		**(प्रत्यर्थी/ Respondent)**

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Prabhakar Reddy Basireddy, Nalgonda. PAN: BCEPB2305J	*VS.*	Dy. Commissioner of Income Tax, Central Circle-1(1), Hyderabad.
(अपीलार्थी/ Appellant)		**(प्रत्यर्थी/ Respondent)**

करदाताकाप्रतिनिधित्व/ Assessee Represented by	:	Shri PV Raghavendra Kumar, CA
राजस्वकाप्रतिनिधित्व/ Department Represented by	:	Shri T. Venkanna, Sr. AR
सुनवाईसमाप्तहोनेकीतिथि/ Date of Conclusion of Hearing	:	18/12/2025
घोषणा की तारीख/ Date of Pronouncement	:	24/12/2025

ORDER

PER RAVISH SOOD, JM:

The captioned appeals filed by the assessee are directed against the respective orders passed by the Commissioner of Income Tax (Appeals)-11, Hyderabad, dated 23/07/2025 and 24/07/2025, which in turn arises from the respective orders passed by the AO under section 147 of the Income Tax Act, 1961 (for short, "the Act") for AY 2020-21 and AY 2022-23. As a common issue is involved in the captioned appeals, therefore, the same are being taken up and disposed of vide a consolidated order. We shall first take up the appeal for the AY 2020-21 in ITA No.1591/Hyd/2025, and the order therein passed shall apply mutatis mutandis for the purpose of disposing of the other appeal. The assessee has assailed the impugned order of the CIT(A) on the following grounds of appeal:

> "1. The order of the learned Commissioner of Income Tax (Appeals)-11, Hyderabad, is not correct either on facts or in law, and is therefore liable to be set aside.
>
> 2. In the facts and circumstances of the case, the learned CIT(A) erred in upholding the validity of reassessment proceedings initiated under section 147 of the IT Act, without appreciating that the very notice issued under section 148 is bad in law and void ab initio.
>
> 3. The Ld. CIT(A) is not justified in sustaining the reopening without (a) any incriminating material relating to AY 2020-21 found in the search on 04.01.2023, and (b) appreciating the fact that the notice u/s 148 was based only on deemed information under Explanation 2(1) and not on any evidence of income

escaping assessment, thereby making the reassessment invalid and without jurisdiction.

4. The Ld. CIT(A) is not justified in sustaining the assessment without appreciating that the Assessing Officer did not furnish the recorded reasons for reopening despite specific request, thereby making the reassessment void as being in violation of law and against principles of natural justice.

5. The learned CIT(A) is not justified in sustaining the addition of Rs 3,79,605 by estimating profit at 20% of sheep sales turnover of Rs 18,98,023, without appreciating that the appellant had actually incurred a loss in the said activity due to livestock deaths and maintenance expenses.

6. The appellant craves leave to add, amend, alter, or withdraw any of the above grounds at the time of hearing."

Apart from that, the assessee has raised the following additional ground of appeal before us:

> "Since the notice u/s 148 was issued by the JAO, ACIT Central Circle-1(1), Hyderabad and not in a faceless manner, the said notice is invalid and all further proceedings are equally bad in law."

As the assessee appellant, by raising the aforesaid additional ground of appeal, has sought our indulgence for adjudicating a purely legal issue which would not require looking any further beyond the facts available on record, we have no hesitation in admitting the same. Our said view is supported by the judgment of the **Hon'ble Supreme Court** in the case of **National Thermal Power Company Limited Vs. CIT (1998) 229 ITR 383 (SC).**

2. Succinctly stated, the assessee, who is a non-filer, had not filed his original return of income for AY 2020-21.

3. Search and seizure action under section 132 of the Act was carried out in the case of the assessee on 04/01/2023. Thereafter, the AO, based on information that the income of the assessee chargeable to tax had escaped assessment, issued notice under section 148 of the Act, dated 29/11/2023. In compliance, the assessee filed his return of income on 28/02/2024 declaring an income of Rs. 3,88,570/-, and agricultural income of Rs. 1,80,400/-.

4. During the course of the assessment proceedings, the AO observed that in the course of the search proceedings conducted under section 132 of the Act on 04/01/2023, cash of Rs. 49,32,500/- was found from the residential premises of the assessee at New Tirumala Nagar, Nalgonda. It was observed by him that an amount of Rs. 49 lakhs was seized by the department as the assessee could not explain the source of the same. Also, the AO in the course of the assessment proceedings called upon the assessee to explain the details of the credits in his bank accounts, which aggregated to Rs. 30,11,738/-. In reply, the assessee furnished the requisite details, as under:

Particulars	Amount (Rs.)
Agriculture receipts	2,94,430
FD, SB Interest	32,551
Sheep sales	17,48,023
Rythu Bandhu	43,250
Cash deposits	8,24,525
Purchase returns	68,400
Misc.credits returned	556
Total	**30,11,738**

The assessee submitted before the AO that he had, during the subject year, sold sheep for a consideration of Rs. 18,98,023/-, and the mode of receipt of sale consideration by him comprised of viz, (i) through banking channel: Rs. 17,48,023/-; and (ii) cash receipts: Rs. 1,50,000/-. Elaborating further, it was submitted by the assessee that as he had incurred a loss of Rs. 3,87,230/- on the aforesaid transactions of sale of sheep, therefore, for the said reason, he had not disclosed the said transaction in his return of income. Also, the assessee, in his attempt to substantiate his aforesaid claim, had provided certain details to the AO regarding the purchase/sale of sheep. However, the AO observed that as the assessee had failed to substantiate his aforesaid explanation based on any supporting documentary evidence, viz., bills, vouchers, etc., thus, the same could not be accepted. Accordingly, the AO estimated the income of the assessee from sheep sales @ 20% of his

total receipts of Rs. 18,98,023/-, and made an addition of the same to his returned income.

5. Further, the AO disallowed the assessee's claim for deduction under section 80C of the Act of Rs. 66,982/-.

6. Accordingly, the AO vide his order under section 147 of the Act, dated 26/03/2025, determined the income of the assessee at Rs. 8,35,157/-.

7. Aggrieved, the assessee carried the matter in appeal before the CIT(A) but without success.

8. The assessee, aggrieved with the order of the CIT(A), has carried the matter in appeal before us.

9. We have heard the Ld. Authorised Representatives of both parties, perused the orders of the authorities below and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by them to drive home their respective contentions

10. Sri PV Raghavendra Kumar, CA, the Learned Authorised Representative (for short, "Ld. AR") for the assessee, at the threshold of hearing of the appeal, submitted that the Notice U/s 148 of the Act, dated 29/11/2023 issued by the Jurisdictional Assessing Officer

(JAO), i.e., outside the faceless mechanism as provided under the provisions of Section 144(b) read with Section 151A and the "E-Assessment Scheme of Income Escaping Assessment Scheme, 2022" notified by the Government of India on 29.03.2022 under Section 151A of the Act, is bad and illegal. Summing up his contention, the Ld. AR submitted that after the introduction of the "Faceless Jurisdiction of the Income Tax Authorities Scheme, 2022" and the "e-Assessment of Income Escaping Assessment Scheme, 2022", it is only the “Faceless Assessing Officer” (FAO) who can issue the notice under Section 148 of the Act and not the “Jurisdictional Assessing Officer” (JAO), and the assessments are statutorily required to be as per the prescribed faceless mechanism provided under the provisions of Section 144(b) r.w Section 151A of the Act. Elaborating further on his contention, the Ld. AR submitted that as the AO had invalidly assumed jurisdiction and framed the impugned assessment, therefore, the same cannot be sustained and is liable to be struck down for want of a valid assumption of jurisdiction on his part. The Ld. AR submitted that the subject issue is squarely covered by the judgments of the **Hon’ble High Court of Telangana** in the case of **Kankanala Ravindra Reddy Vs. ITO & 2 Others, Writ Petition Nos 25903 of 2023, dated 14.09.2023** and **Kings Pride Infra Projects (P) Ltd. Vs. Deputy Commissioner of Income-tax (2025) 176 taxmann.com 704 (Telangana).** Elaborating

further on his contention, the Ld. AR submitted that the issue that as to whether or not in a case assigned to “Central Circle” the notice under Section 148 of the Act could be issued by the “Jurisdictional Assessing Officer” (JAO) or it ought to have been as per the amendment carried out w.e.f 01.04.2021 in a faceless manner, has been answered by the Hon’ble Jurisdictional High Court in the case of Kings Pride Infra Projects (P) Ltd. Vs. DCIT (supra). The Ld. AR submitted that the Hon’ble High Court has held that the reassessment notice under Section 148, in case assigned to “Central Circle”, cannot be issued by JAO and has to be issued in a faceless manner as per amended provisions brought in by Finance Act, 2021 w.e.f 01.04.2021. The Ld. AR had placed on record the judgment of the Hon’ble High Court in the case of Kings Pride Infra Projects (P) Ltd. Vs. DCIT and drawn our attention to the observations of the Hon’ble High Court.

11. Per Contra, Shri T Venkanna, the Ld. Senior Departmental Representative (for short, “Sr. DR”), fairly admitted that the issue involved in the present appeal is covered in favour of the assessee by the judgments of the Hon’ble High Court of Telangana. However, the Ld. Sr. DR submitted that as the assessee within the specified time period contemplated under sub-section (3) of Section 124 of the Act, i.e. within a period of one month from the date on which the said notice was

served upon him had not called in question the jurisdiction of the ACIT, Central Circle 1(1), Hyderabad (JAO) who had issued Notice under Section 148 of the Act, dated 29/11/2023, therefore, he was precluded from assailing the same for the first time before the Tribunal. The Ld. Sr. DR to support his contention had relied on the judgment of the Hon'ble Supreme Court in the case of Deputy Commissioner of Income-tax (Exemption) v. Kalinga Institute of Industrial Technology [2023] 454 ITR 582 (SC). The Ld. Sr. DR submitted that the Hon'ble Apex Court in its aforesaid judgment had held that as per the mandate of Section 124(3) of the Act, an assessee is precluded from questioning the jurisdiction of the AO, if he does not do so within 30 days of receipt of notice. The Ld. Sr. DR submitted that in the present case, the assessee as required per the mandate of Section 124(3) of the Act, had within the prescribed time period not called in question the jurisdiction of the ACIT, Central Circle 1(1), Hyderabad, i.e., the JAO, who had issued Notice under Section 148 of the Act, dated 29/11/2023, therefore, he cannot now be permitted to object to the same for the very first time before the Tribunal.

12. We have thoughtfully considered the contentions advanced by the Ld. Authorized Representatives of both parties regarding the validity of the order passed under Section 147 of the Act, dated 26/03/2025, based on the Notice issued under Section 148 of the Act, dated

29/11/2023, by the ACIT, Central Circle 1(1), Hyderabad (copy placed on record).

13. We shall first deal with the Ld. DR's contention that as the assessee has within the specified time period contemplated under sub-section (3) of Section 124 of the Act, i.e., within a period of one month from the date on which the said notice was served upon him not called in question the jurisdiction of the ACIT, Central Circle 1(1), Hyderabad i.e., the JAO, who had issued Notice u/s 148 of the Act, dated 29/11/2023, therefore, he was precluded from assailing the same for the first time before the Tribunal.

14. Before proceeding further, it would be relevant to cull out Section 124(3) of the Act, which reads as under:

> "124 (1) xxxxxxxx
>
> (2) xxxxxxx
>
> (3) No person shall be entitled to call in question the jurisdiction of an Assessing Officer—
>
> (a) where he has made a return under sub-section (1) of section 115WD or under sub-section (1) of section 139, after the expiry of one month from the date on which he was served with a notice under subsection (1) of section 142 or sub-section (2) of section 115WE or subsection (2) of section 143 or after the completion of the assessment, whichever is earlier;
>
> (b) where he has made no such return, after the expiry of the time allowed by the notice under sub-section (2) of section 115WD or subsection (1) of section 142 or under sub-section (1) of section

> 115WH or under section 148 for the making of the return or by the notice under the first proviso to section 115WF or under the first proviso to section 144 to show cause why the assessment should not be completed to the best of the judgment of the Assessing Officer, whichever is earlier;
>
> (c) where an action has been taken under section 132 or section 132A, after the expiry of one month from the date on which he was served with a notice under sub-section (1) of section 153A or sub-section (2) of section 153C or after the completion of the assessment, whichever is earlier."

15. Having given a thoughtful consideration to the aforesaid claim of the ld. DR in the backdrop of the mandate of Sub-section (3) of Section 124 of the Act, we are unable to fathom that as to how the restriction therein contemplated, which is confined to questioning the jurisdiction of an Assessing Officer, can have any bearing on the claim of the present assessee before us, who has assailed the validity of the assessment order passed under Section 147 of the Act, dated 26/03/2025 by the ACIT, Central Circle- 1(1), Hyderabad, based on the Notice u/s 148 of the Act, dated 29/11/2023 issued by the said Jurisdictional Assessing Officer (JAO) who inherently lacked the jurisdiction for issuing Notice u/s 148 of the Act.

16. Before dealing with the subject issue, we deem it apposite to look into the fabric of Section 124 of the Act. On a careful perusal of Section 124 of the Act, it transpires that the same apparently deals with the issue of "territorial jurisdiction" of an Assessing Officer. Ostensibly, sub-section (1) of Section 124 contemplates vesting with the AO of

jurisdiction over a specified area by virtue of any direction or order issued under sub-section (1) and sub-section (2) of Section 120 of the Act. Sub-section (2) of Section 124 contemplates the manner in which any controversy regarding the territorial jurisdiction of an AO is to be resolved. Apropos sub-section (3) of Section 124 of the Act, the same places a restriction upon an assessee to call in question the jurisdiction of the A.O where he had initially not raised such objection within a period of one month from the date on which he was served with a notice under sub-section (1) of Section 142 or sub-section (2) of Section 143 or Section 148 or sub-section (1) of Section 153A or sub-section (2) of Section 153C. To sum up, the obligation cast upon an assessee to call in question the jurisdiction of the A.O as per the mandate of sub-section (3) of Section 124 is confined to a case where he objects to the assumption of jurisdiction by the A.O, and not otherwise.

17. At this stage, we may herein refer to certain judicial pronouncements that had in the past held the field on the aforesaid issue. The **Hon'ble High Court of Bombay** in the case of **Peter Vaz & Ors. Vs, CIT & Ors. (2021) 436 ITR 616(Bom)** and the **Hon'ble High Court of Gujarat** in the case of **Commissioner of Income-tax v. Ramesh D. Patel [2014] 42 taxmann.com 540/225 Taxman 411/362 ITR 492 (Gujarat)**, had held that as Section 124 of the Act pertains to territorial jurisdiction vested with an AO under sub-section (1) or sub-

section (2) of Section 120, therefore, the provisions of sub-section (3) of Section 124 which puts a restriction on an assessee to object to the validity of the jurisdiction of an A.O would get triggered only in a case where the dispute of the assessee is with respect to the territorial jurisdiction and have no relevance in so far his inherent jurisdiction for framing the assessment is concerned. Further, the **Hon'ble High Court of Bombay** in the case of **Bansilal B. Raisoni & Sons v. Assistant Commissioner of Income Tax [2019] 101 taxmann.com 20/260 Taxman 281 (Bombay)** had, inter alia, observed that the time limit for objecting to the jurisdiction of the Assessing Officer prescribed under sub-section (3) of Section 124 has a relation to the Assessing Officer's territorial jurisdiction. It was further observed that the time limit prescribed would not apply to a case where the assessee contends that the action of the Assessing Officer is without authority of law and, therefore, wholly without jurisdiction. Also, the **Hon'ble High Court of Bombay** in the case of **Commissioner of Income tax v. Lalitkumar Bardia [2017] 84 taxmann.com 213/[2018] 404 ITR 63 (Bombay)** had addressed the contention of the department that where the assessee had not objected to the jurisdiction within the time prescribed under sub-section (3) of Section 124 of the Act, then, having waived its said right, it was barred from raising the issue of jurisdiction after having participated in the assessment proceedings. The Hon'ble High Court had observed that the waiver can only be of one's right or privilege, but non-exercise

of the same will not bestow jurisdiction on a person who inherently lacks jurisdiction. Therefore, the principle of waiver cannot be invoked to confer jurisdiction on an Officer who is acting under the Act when he does not have jurisdiction. The Hon'ble High Court, while concluding as hereinabove, had relied on the judgment of the **Hon'ble Supreme Court** in the case of **Kanwar Singh Saini v. High Court of Delhi (2012) 4 SCC 307**. The Hon'ble Apex Court in its aforesaid judgment, had held that it is the settled legal proposition that conferment of jurisdiction is a legislative function and it can neither be conferred with the consent of the parties nor by a superior court. The Hon'ble Apex Court further observed that if the court passes an order or decree having no jurisdiction over the matter, it would amount to a nullity as the matter goes to the roots of the cause. Also, the Hon'ble Apex Court clarified that an issue can be raised at any belated stage of the proceedings, including in appeal or execution. Elaborating further, it was observed by the Hon'ble Apex Court that the finding of a court or tribunal becomes irrelevant and unenforceable and inexecutable once the forum is found to have no jurisdiction. It was further observed by the Hon'ble Apex Court that the acquiescence of a party equally should not be permitted to defeat the legislative animation, and the court cannot derive jurisdiction apart from the statute. For the sake of clarity, the observations of the Hon'ble Apex Court in the case of Kanwar Singh Saini (supra) are culled out as under:

"22. **There can be no dispute regarding the settled legal proposition that conferment of jurisdiction is a legislative function and it can neither be conferred with the consent of the parties nor by a superior court, and if the court passes order/decree having no jurisdiction over the matter, it would amount to a nullity as the matter goes to the roots of the cause**. **Such an issue can be raised at any belated stage of the proceedings including in appeal or execution. The finding of a court or tribunal becomes irrelevant and unenforceable/inexecutable once the forum is found to have no jurisdiction. Acquiescence of a party equally should not be permitted to defeat the legislative animation. The court cannot derive jurisdiction apart from the statute**. (Vide United Commercial Bank Ltd v. Workmen, Nai Bahu v. Lala Ramnarayan, Natraj Studios (P) Ltd. v. Navrang Studios, Sardar Hasan Siddiqui v. STAT, A.R. Antulay v. R.S. Nayak, Union of India v. Deoki Nandan Aggarwal, Karnal Improvement Trust v. Parkash Wanti, U.P. Rajkiya Nirman Nigam Ltd. v. Indure (P) Ltd., State of Gujarat v. Rajesh Kumar Chimanlal Barot, Kesar Singh v. Sadhu, Kondiba Dagadu Kadam v. Savitribai Sopan Gujar and CCE v. Flock (India) (P) Ltd.)"

(emphasis supplied by us)

18. We further find that the **Hon'ble Supreme Court** in its recent order passed in the case of **Union of India v. Rajeev Bansal [2024] 167 taxmann.com 70/301 Taxman 238/469 ITR 46 (SC)** has, inter alia, observed that the order passed without jurisdiction is nullity. It was further observed that if a statute expressly confers a power or imposes a duty on a particular authority, then such power or duty must be exercised or performed by that authority itself. The Hon'ble Apex Court had further observed that any exercise of power by statutory authorities inconsistent with the statutory prescription is invalid. Apart from that, it was observed that as there cannot be any waiver of a statutory requirement or provision that goes to the root of the jurisdiction of assessment, therefore, any consequential order passed or action taken

will be invalid and without jurisdiction. For the sake of clarity, the observations of the Hon'ble Apex Court are culled out as under:

> "30. **If a statute expressly confers a power or imposes a duty on a particular authority, then such power or duty must be exercised or performed by that authority itself**. (Dr. Premachandran Keezhoth v. Chancellor, Kannur University). **Further, when a statute vests certain power in an authority to be exercised in a particular manner, then that authority has to exercise its power following the prescribed manner (CIT v. Anjum M.H. Ghaswala; State of Uttar Pradesh v. Singhara Singh). Any exercise of power by statutory authorities inconsistent with the statutory prescription is invalid.....**
>
> *** ** *** *** ** *** *** ** ***
>
> 32. A statutory authority may lack jurisdiction if it does not fulfil the preliminary conditions laid down under the statute, which are necessary to the exercise of its jurisdiction. (Chhotobhai Jethabhai Patel and Co. V. Industrial Court, Maharashtra Nagpur Bench).**There cannot be any waiver of a statutory requirement or provision that goes to the root of the jurisdiction of assessment.** (Superintendent of Taxes v. Onkarmal Nathmal Trust). **An order passed without jurisdiction is a nullity. Any consequential order passed or action taken will also be invalid and without jurisdiction**. (Dwarka Prasad Agrawal V. B.D. Agrawal). Thus, the power of assessing officers to reassess is limited and based on the fulfilment of certain preconditions. (CIT v. Kelvinator of India Ltd.)"
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> **(emphasis supplied by us)**

19. We shall now advert to the judgment of the **Hon'ble Supreme Court**, in the case of **Deputy Commissioner of Income-tax (Exemption) v. Kalinga Institute of Industrial Technology [2023] 454 ITR 582 (SC)**, that has been relied upon by the Ld. DR to impress upon us that as the assessee in the present case before us, had, within the time allowed by the notice issued u/s 148 of the Act, dated

29/11/2023, i.e., period of 30 days, not called in question the jurisdiction of the ACIT, Central Circle 1(1), Hyderabad, i.e., JAO, based on which the assessment order had been passed under Section 147 of the Act, dated 26/03/2025, therefore, as per the mandate of sub-section (3) of Section 124 of the Act, he cannot in the course of present proceedings before us object to the validity of the jurisdiction so assumed.

20. It would be relevant to cull out the facts that were involved in the case of Deputy Commissioner of Income-tax (Exemption) v. Kalinga Institute of Industrial Technology (supra), as under:

(i). assessee had in the aforesaid case challenged the notice issued u/s.143(2) of the Act by the ACIT, Corporate Circle-1(2), Bhuwaneshwar, as being without jurisdiction;

(ii). jurisdiction over the case of the assessee that was vested with ACIT, Corporate Circle-1(2), Bhuwaneshwar, was, after the filing of the return of income by the assessee, changed, and got vested with the Jt. CIT(OSD) (Exemption), Bhuwaneshwar;

(iii). it was the assessee's case that, as the jurisdiction to issue notice under Section 143(2) of the Act in its case was with the Jt. CIT (OSD)(Exemption), Bhuwaneshwar, therefore, the impugned notice issued u/s. 143(2) of the Act by the ACIT, Corporate Circle-1(2), Bhuwaneshwar was without jurisdiction and, thus, liable to be quashed;

(iv). Hon'ble High Court of Orissa, observing that the jurisdiction to issue notice u/s. 143(2) of the Act in the case of the assessee remained with the Jt. CIT(OSD)(Exemption), Bhuwaneshwar, therefore, held the impugned notice issued u/s. 143(2) of the Act by the ACIT, Corporate Circle-1(2), Bhuwaneshwar, as having been issued without jurisdiction and quashed the same.

21. On Special Leave Petition (SLP) filed by the revenue, the Hon'ble Apex Court had, inter alia, observed that as the record revealed that the assessee had, participated in the assessment proceedings and not questioned the jurisdiction of the AO, there was no justification for the High Court to have set-aside the notice issued u/s.143(2) of the Act by the ACIT, Corporate Circle-1(2), Bhuwaneshwar. Elaborating on the scope of Section 124(3)(a) of the Act, the Hon'ble Apex Court observed that the same precluded the assessee from questioning the jurisdiction of the AO if he does not do so within 30 days of receipt of notice u/s. 142(1) of the Act.

22. Before proceeding further, it would be relevant to point out that a plain reading of sub-section (3) of Section 120 of the Act reveals that the "Jurisdiction" vested with the Income-tax Authorities is classified into four categories, viz. (i) territorial area; (ii) persons or classes of persons; (iii) income or classes of income; or (iv) cases or classes of cases. The assessee in the present case before us, has not assailed the vesting of

jurisdiction with the ACIT, Central Circle 1(1), Hyderabad, i.e., JAO based on either of the aforesaid four categories, but has rather challenged the lack of inherent jurisdiction with the Jurisdictional Assessing Officer (JAO), for issuing the notice under Section 148 of the Act. In our view, as after the introduction of the "Faceless Jurisdiction of the Income Tax Authorities Scheme, 2022" and the "e-Assessment of Income Escaping Assessment Scheme, 2022", it is only the FAO which can issue the notice under Section 148 of the Act and not the JAO, and the assessments are statutorily required to be as per the prescribed faceless mechanism provided under the provisions of Section 144(b) r.w Section 151A of the Act, therefore, the challenge by the assessee to the inherent lack of jurisdiction with the JAO to issue the notice under Section 148 of the Act will not be saved by the judgment of the Hon'ble Supreme Court in Commissioner of Income-tax (Exemption) v. Kalinga Institute of Industrial Technology (supra), which being distinguishable on facts will not assist the case of the revenue.

23. We have given thoughtful consideration on the issue of validity of the jurisdiction assumed for framing of the assessment vide order passed under Section 147 of the Act, dated 26/03/2025 based on the Notice issued U/s 148 of the Act, dated 29/11/2023 by the ACIT, Central Circle 1(1), Hyderabad, i.e., the "Jurisdictional Assessing Officer" (JAO).

24. In our view, the issue involved in the present appeal, i.e., the validity of the assessment order passed under Section 147 of the Act, dated 26/03/2025, based on the Notice u/s 148 of the Act, dated 29/11/2023 issued by the ACIT, Central Circle 1(1), Hyderabad, i.e., the JAO, as on date is squarely covered by the Judgment of the **Hon'ble High Court of Telangana** in the case of **Kings Pride Infra Projects (P) Ltd. Vs. Deputy Commissioner of Income-tax (2025) 176 taxmann.com 704 (Telangana).** The Hon'ble Jurisdictional High Court, in its aforesaid order, was seized of the following question of law:

> "Whether in cases assigned to "central charges" the notice issued under Section 148 of the Act could have been issued by JAO or it ought to have been as per the amendment carried out w.e.f. 01.04.2021 in a faceless manner?"

The Hon'ble High Court, based on its exhaustive deliberations, observed that the reassessment notice under. Section 148 of the Act, in case assigned to "Central Charges", cannot be issued by the Jurisdictional Assessing Officer" (JAO) and has to be issued in a faceless manner as per the amended provisions brought in by the Finance Act, 2021 w.e.f 01.04.2021. For the sake of clarity, we deem it apposite to cull out the observations of the Hon'ble High Court, as under:

> "**17.** Having heard the learned counsel for the parties, particularly the learned Additional Solicitor General extensively, it would be necessary at this juncture to take note of the decision rendered in the case of *Kankanala Ravindra Reddy* (*supra*) wherein the Division Bench of this High Court in a batch of writ petitions, has held in paragraph Nos.35 to 38 as under:

"35. In view of the aforesaid discussions, it is by now very clear that the procedure to be followed by the respondent Department upon treating the notices issued for reassessment being under Section 148A, the subsequent proceedings was mandatorily required to be undertaken under the substituted provisions as laid down under the Finance Act, 2021. In the absence of which, we are constrained to hold that the procedure adopted by the respondent-Department is in contravention to the statute *i.e.* the Finance Act, 2021, at the first instance. Secondly, it is also in direct contravention to the directives issued by the Hon'ble Supreme Court in the case of Ashish Agarwal, supra.

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.

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 (1 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 (1 supra)."

18. From the aforesaid judgment and the principles of which have been reiterated in a large number of writ petitions subsequently filed, it would be evidently clear that the view of this High Court and the ratio laid down was that on and after coming into force of the Finance Act, 2021 w.e.f. 01.04.2021, and with the introduction of the amendment to Section 148 of the Act wherein it was envisaged that the assessments have to be done by way of an automated faceless mechanism, all proceedings of assessment drawn subsequently have to be by following the same mechanism. Further, the Hon'ble Supreme Court in the case of *UOI* v. *Ashish Agarwal* [2022] 138 taxmann.com 64/286 Taxman 183/ 444 ITR 1 (SC)/2022 SCC OnLine SC 543, in very categorical terms has held as under:

"Thus, the new provisions substituted by the Finance Act, 2021 being remedial and benevolent in nature and substituted with a specific aim and object to protect the rights and interest of the assessee as well as and the same being in public interest, the respective High Courts have

rightly held that the benefit of new provisions shall be made available even in respect of the proceedings relating to past assessment years, provided section 148 notice has been issued on or after April 1, 2021. We are in complete agreement with the view taken by the various High Courts in holding so.

However, at the same time, the judgments of the several High Courts would result in no reassessment proceedings at all, even if the same are permissible under the Finance Act, 2021 and as per substituted sections 147.

The Revenue cannot be made remediless and the object and purpose of reassessment proceedings cannot be frustrated. It is true that due to a *bona fide* mistake and in view of subsequent extension of time *vide* various notifications, the Revenue issued the impugned notices under section 148 after the amendment was enforced with effect from April 1, 2021, under the unamended section 148. In our view the same ought not to have been issued under the unamended Act and ought to have been issued under the substituted provisions of sections 147 to 151 of the Income-tax Act as per the Finance Act, 2021. There appears to be genuine non-application of the amendments as the officers of the Revenue may have been under a *bona fide* belief that the amendments may not yet have been enforced. Therefore, we are of the opinion that some leeway must be shown in that regard which the High Courts could have done so. Therefore, instead of quashing and setting aside the reassessment notices issued under the unamended provisions of the Income-tax Act as those deemed to have been issued under section 148A of the Income-tax Act as per the new provisions of section 148A and the Revenue ought to have been permitted to proceed further with the reassessment proceedings as per the substituted provisions of sections 147 to 151 of the Income-tax Act as per the Finance Act, 2021, subject to compliance of all the procedural requirements and the defences, which may be available to the assessee under the substituted provisions of sections 147 to 151 of the Income-tax Act and which may be available under the Finance Act, 2021 and in law. Therefore, we propose to modify the judgments and orders passed by the respective High Courts as under:

(*i*) The respective impugned section 148 notices issued to the respective assessees shall be deemed to have been issued under section 148A of the Income-tax Act as substituted by the Finance Act, 2021 and treated to be show-cause notices in terms of section 148A(*b*). The respective Assessing Officers shall within thirty days from today provide to the asseessees the information and material relied upon by the Revenue so that the asseessees can reply to the notices within two weeks thereafter;

(*ii*) The requirement of conducting any enquiry with the prior approval of the specified authority under section 148A9(*a*) be dispensed with as a onetime

measure vis-avis those notices which have been issued under section 148 of the unamended Act from April 1,

(*iii*) The Assessing Officers shall thereafter pass an order in terms of section 148A(*d*) after following the due procedure as required under section 148A(*b*) in respect of each of the concerned assessees" ;"

19. Following the aforesaid judgment of the Hon'ble Supreme Court in *Ashish Agarwal* (*supra*), it has been emphatically held by the Division Bench of this High Court in the case of *Ravindra Reddy* (*supra*) that there is no further dispute to be adjudicated so far as what is the mechanism which has to be applied for assessment / reassessment even if it is for assessment of previous years if the proceedings have been initiated on or after 01.04.2021. It has to be only through automated faceless mechanism and no other way.

19.1. Hence, the question of law as framed in the earlier paragraph of this order is "whether in the case of central charges, could the aforementioned principles of law be deviated and whether the proceedings drawn under the central charges could be by the JAO or it too has to be in a faceless manner?"

20. The CBDT in respect of the same had issued a notification dated 29.03.2022 in exercise of its powers under Sub-Section (1) and (2) of Section 151A of the Act and, framed a scheme, which for ready reference is reproduced hereunder:

MINISTRY OF FINANCE (Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION
New Delhi, the 29th March, 2022

S.O. 1466(E):— In exercise of the powers conferred by subsections (1) and (2) of section 151A of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme, namely:-

1. Short title and commencement:— (1) This Scheme may be called the e-Assessment of Income Escaping Assessment Scheme, 2022.

(2) It shall come into force with effect from the date of its publication in the Official Gazette.

2. Definitions:— (1) In this Scheme, unless the context otherwise requires, —
(*a*) "Act" means the Income-tax Act, 1961 (43 of 1961);
(*b*) "automated allocation" means an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimise the use of resources.
(2) Words and expressions used herein and not defined, but defined in the Act, shall have the meaning respectively assigned to them in the Act.

3. Scope of the Scheme:— For the purpose of this Scheme,—
(*a*) assessment, reassessment or recomputation under section 147 of the Act,

(*b*) issuance of notice under section 148 of the Act, shall be through automated allocation, in accordance with risk management strategy formulated by the Board as referred to in section 148 of the Act for issuance of notice, and in a faceless manner, to the extent provided in section 144B of the Act with reference to making assessment or reassessment of total income or loss of assessee.
(Emphasis supplied)

21. Similarly, the CBDT earlier also *vide* order dated 06.09.2021, in exercise of its powers under Section 119 of the Act introduced certain exceptions / exclusions to Section 144B of the Act. The said order dated 06.09.2021, for ready reference is again reproduced hereunder:

Section 144B(2) of the Income Tax Act, 1961

144B. Faceless Assessment:
(1).

(2) The faceless assessment under sub-section (1) shall be made in respect of such territorial area, or persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the Board.
(Emphasis Supplied)

CBDT's Order dated 06.09.2021:

F.No.187/3/2020-ITA-I

Government of India Ministry of Finance Department of Revenue (Central Board of Direct Taxes)

North Block, New Delhi
Dated, the 6th September, 2021.

ORDER

Subject:- Order under section 119 of the Income-tax Act, ***1961*** *(the Act) providing exclusions to section 144B of the Act.*

The Faceless Assessment Scheme, 2019 (the Scheme) has been incorporated in the Act *vide* the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.

Section 144B of the Act pertaining to Faceless Assessment has been inserted by the said amendment w.e.f. 01.04.2021.

2. The Central Board of Direct Taxes *vide* Order F.No.187/3/2020-ITA-I dated 13th August, 2020 (the Order) read with order under section 119 of the Act regarding mutatis mutandis application of Orders, Circulars etc., issued in order to implement the Scheme to Faceless Assessment u/s 144B of the Act, F.No.187/3/2020-ITA-I dated 31st March, 2021 directed that all the Assessment Orders shall be passed by the National Facelss Assessment Centre (NaFAC) u/s 144B of the Act except as under:-

i.	Assessment orders in cases assigned to Central Charges.
ii.	Assessment Orders in cases assigned to International Tax Charges."

(Emphasis Supplied)

22. A plain reading of the aforesaid order dated 06.09.2021 conjointly with the notification dated 29.03.2022 would go to show that the CBDT has in fact carved out

two exceptions so far as implementing the scheme of faceless assessment. Those two exceptions are (*i*) assessment orders in cases assigned to central charges; and (*ii*) assessment orders in cases assigned to international tax charges. So far as the assessment orders in cases assigned to international tax charges, recently the said exception was under challenge in a batch of writ petitions before this High Court in the case of *Sri Venkataramana Reddy Patloola* (*supra*). While deciding the said batch of writ petitions, the Hon'ble Division Bench hearing the said writ petitions took note of the order dated 06.09.2021 and notification dated 29.03.2022 and in very categorical terms held in paragraph Nos.23, 24, 27 and 29 as under:

> "23. It is noteworthy that the order of CBDT dated 06.09.2021 deals with "assessment orders". The said order is passed in exercise of power under Section 144B of the Act. The order of CBDT is clear that direction was issued about passing of "assessment orders" by the National Faceless Assessment Centre under Section 144B of the Act except in two situations, one of which is passing of assessment orders in cases assigned to International Tax Charges.
>
> 24. Thus, there is no cavil of doubt that Section 144B of the Act and order of CBDT dated 06.09.2021 give exemption from following the mandatory faceless procedure only in relation to passing of assessment orders in cases of central charges and international tax charges. Any other interpretation would amount to doing violence with the language employed in the scheme/notification dated 29.03.2022, Section 144B(2) of the Act and order dated 06.09.2021. Since in our view, the plain and unambiguous language used in the scheme and order dated 06.09.2021 shows that the notice under Section 148 does not fall within the 'exception', the judgments cited by the learned Senior Standing Counsel for Income Tax Department are of no assistance. The Taxpayer is nowhere distinguished between NRIs and Indian Citizens. The notice issued under Section 148 must comply with the requirement of the Scheme whether or not the Taxpayer is NRI/Indian Citizen. Thus, the second limb of argument of the learned Senior Standing Counsel for Income Tax Department deserves to be rejected.
>
> 27. We are in respectful agreement with the view taken by the Bombay High Court and are of the opinion that the aforesaid underlined expression used in clause 3(*b*) of the scheme dated 29.03.2022 does not preclude the mandatory faceless procedure for issuance of notice under Section 148 of the Act. Any other interpretation, in our humble view, will not only cause violence to the language used, but will also defeat the object for which a transparent 'faceless procedure' was introduced. Hence, we are unable to persuade ourselves to accept a different meaning than the literal meaning flowing and conveyed from the provisions.
>
> 29. In view of foregoing analysis, it is clear that the respondents have erred in not following the mandatory faceless procedure as prescribed in the scheme dated 29.03.2022. Since notices under Section 148 of the Act were not issued in a faceless manner, the entire further proceeding founded upon it and assessment orders stand vitiated. Thus, the impugned notices under Section 148 of the Act and all consequential assessment orders based thereupon are set

aside. Liberty is reserved to the respondents to proceed against the petitioners in accordance with law."

23. A plain reading of paragraph Nos.23 and 24 would make the picture very clear so far as the fact that even though the batch of writ petitions in the case *Sri Venkataramana Reddy Patloola* (*supra*) were primarily pertaining to assessment orders in cases assigned to international tax charges, but the Division Bench has also dealt with the aspect of the assessment orders in cases assigned to central charges as well holding that it would not make any difference whether it is cases assigned to central charges or cases assigned to international tax charges. What was held was that, once when the statute substantially mandate having the assessment proceedings drawn through automated scheme allocation in a faceless manner, subsequently there does not seem to be any exceptions carved out permitting the JAO to issue proceedings under Section 148 of the Act.

24. In view of the said view expressed by the Division Bench of this High Court in the case of *Sri Venkataramana Reddy Patloola* (*supra*), we are of the considered opinion that, if at all if we accept the analogy canvassed by the Income Tax Department, that by itself would be diluting the mandate of the Hon'ble Supreme Court in the case of *Ashish Agarwal* (*supra*) and at the same time it would also water down the series of writ petitions where the proceedings were issued by JAO and this High Court while allowing the writ petitions had set aside those proceedings.

25. The entire basis of the learned Additional Solicitor General seems to be the judgment of the Delhi High Court in the case of *T.K.S. Builders (P.) Ltd.* (*supra*). However, since there is an authoritative decision on the said issue by this very High Court, the judicial propriety requires for this Bench to honor the view taken by the Division Bench of this High Court itself.

26. The Hon'ble Supreme Court in the case of *CIT* v. *G.M. Mittal Stainless Steel (P.) Ltd.* [2003] 130 Taxman 67/263 ITR 255 (SC)/2003 11 Supreme Court Cases 441, dealing with an issue of not following the judgment of the jurisdictional High Court, held at paragraph No.9 as under:

> "9. Apart from the language of Section 263 of the Income Tax Act, if we were to accept the submission of the appellant that the Revenue Authorities within the State could refuse to follow the jurisdictional High Court's decision on the ground that the decision of some other High Court was pending disposal by this Court, it would lead to an anarchic situation within the State. If at the time when the power under Section 263 was exercised the decision of the jurisdictional High Court had not been set aside by this Court or at least had not been appealed from, it would not be open to the Commissioner to have proceeded on the basis that the High Court was erroneous and that the assessing officer who had acted in terms of the High Court's decision had acted erroneously."

27. Apart from the effect of judicial propriety, we are of the considered opinion that plain reading of the judgment of the Hon'ble Supreme Court in the case of *Ashish Agarwal* (*supra*) seems to be more convincing and logical as compared to the

judgment heavily relied upon by the learned Additional Solicitor General *i.e.* the judgment of the Delhi High Court in the case of *T.K.S. Builders (P.) Ltd.* (*supra*).

28. So far as the ground raised by the learned Additional Solicitor General that unless the notices in cases pertaining to central charges are issued by JAO it would be difficult to enforce the requirement as is otherwise required under Section 153D of the Act is concerned, we need to look into the provisions of Section 153D as to what it speaks for. For ready reference, the relevant portion of Section 153D is reproduced hereunder:

> "153D. Prior approval necessary for assessment in cases or requisition.
>
> No order of assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of each assessment year referred to in clause (*b*) of [sub-section (1) of] section 153A or the assessment year referred to in clause (*b*) of sub-section (1) of section 153-B, except with the prior approval of the Joint Commissioner."

A plain reading of the aforesaid Section would show that the provisions of Section 153D would be applicable in proceedings drawn under Section 153A and Section 153B.

29. Section 153A of the Act speaks of how assessment in a case of search and seizure or requisition is to be made. For ready reference, the relevant portion of Section 153A is also reproduced hereunder:

"153A. Assessment in case of search or requisition.

(1)Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, in the case of a person where a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A after the 31st day of May, 2003 [but on or before the 31st day of March, 2021], the Assessing Officer shall—

> (*a*) issue notice to such person requiring him to furnish within such period, as may be specified in the notice, the return of income in respect of each assessment year falling within six assessment years and for the relevant assessment year or years referred to in clause (*b*), in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and the provisions of this Act shall, so far as may be, apply accordingly as if such return were a return required to be furnished under section 139;
>
> (*b*) assess or reassess the total income of six assessment years immediately preceding the assessment year relevant to the previous year in which such search is conducted or requisition is made and for the relevant assessment year or years."

A plain reading of the aforesaid Section would clearly indicate that though Section 153A is a non-obstante clause, but nowhere does the said Section speaks of an

exception carved out from Section 151A, which in itself was brought in by way of amendment to the Finance Act, 2021 w.e.f. 01.04.2021. This in other words means that until and unless there is a specific exception carved out from the applicability of Section 151A every assessment proceedings initiated even if it be after a search and seizure proceedings, even if it be under central charges or international tax charges, the provisions of Section 151A is what has to be adhered to for the purpose of initiating a proceeding of assessment / re-assessment. Section 151A also does not anywhere say that the said provision of law shall not be applicable in a given situation or under any other provision of law.

30. In view of the same, we are of the considered opinion that the present batch of writ petitions also deserve to be and are accordingly allowed quashing the impugned orders under challenge as they are in violation of the provisions enacted by way of Finance Act, 2021 which came into force w.e.f. 01.04.2021. Accordingly, we hold that the question of law framed, as to "whether in cases assigned to central charges and the notices issued therein for reassessment could be issued by the JAO or it has to be in a faceless manner" stands decided in favour of the petitioners holding that it can be in a faceless manner alone and the question of law thus stands answered against the Revenue. No costs.

31. As a sequel, miscellaneous petitions pending if any, shall stand closed."

25. We, thus, respectfully follow the aforesaid judgment of the **Hon'ble Jurisdictional High Court** in the case of **King Pride Infra Projects (P) Ltd. Vs. Deputy Commissioner of Income-tax (2025) 176 taxmann.com 704 (Telangana)**, and on the same terms hold the impugned notice issued U/sec. 148 of the Act, dated 29/11/2023 by ACIT, Central Circle-1(1), Hyderabad, i.e., outside the faceless mechanism as provided in Section 144(b) r.w Section 151A and the "E-Assessment Scheme of Income Escaping Assessment Scheme, 2022" notified by the Government of India on 29.03.2022 under Section 151A of the Act, as bad and illegal. Consequent thereto, we herein set aside the order passed by the CIT(A), and quash the impugned assessment order passed by the ACIT, Central Circle-1(1), Hyderabad under

Section 147 of the Act, dated 26/03/2025, for want of a valid assumption of jurisdiction on his part.

26. As we have quashed the assessment for want of valid assumption of jurisdiction by the ACIT, Central Circle-1(1), Hyderabad for framing the impugned assessment vide his order passed under Section 147 of the Act, dated 26/03/2025, based on the Notice u/s 148 of the Act, dated 29/11/2023 issued by him, i.e., JAO, therefore, we refrain from adverting to the other grounds based on which the assessee has assailed the impugned order of the CIT(A) before us, which, thus, are left open.

27. Resultantly, the order passed by the ACIT, Central Circle-1(1), Hyderabad under Section 147 of the Act, dated 26/03/2025, is quashed for want of a valid assumption of jurisdiction by him.

28. Before parting, we may herein observe that the **Hon'ble Jurisdictional High Court**, while disposing of the appeal in the case of **Kankanala Ravindra Reddy Vs. ITO & 2 Others (supra),** had observed that since the Hon'ble Supreme Court in the case of Ashish Agarwal, *supra*, as a one-time measure exercised the powers under Article 142 of the Constitution of India, and permitted the Revenue to proceed under the substituted provisions, therefore, on the same terms as the petitions before them were being allowed only on the procedural flaw, hence right conferred on the Revenue would remain reserved to

proceed further if they so want from the stage of the order of the Hon'ble Supreme Court in the case of Ashish Agarwal, *supra*. We, thus, respectfully follow the aforesaid observation of the Hon'ble High Court and, on the same terms, allow the same liberty to the revenue regarding the present appeal.

29. We would further observe that the Hon'ble High Court of Jurisdiction in its order in the case of **Yashnu Yasasvi Polucherla Vs. Income-tax Officer (2025) 179 taxmann.com 470 (Telangana),** has held that as its earlier order in the case of **Kankanala Ravindra Reddy Vs. ITO & 2 Others (supra)** is subjected to challenge before the Hon'ble Supreme Court in SLP No.3574 of 2024, preferred by the Income Tax Department, therefore, the allowing of the writ petition in the case before them is subject to the outcome of the aforesaid SLP preferred by the Revenue against its decision in the case of Kankanala Ravindra Reddy Vs. ITO & 2 Others (supra). Thus, the Hon'ble High Court had allowed liberty to either of the parties, if they so want, to 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 "Special Leave Petition" (SLP) on the very same issue. We, thus, respectfully follow the aforesaid observation of the Hon'ble Jurisdictional High Court and, thus, on the same terms, allow liberty to either of the

parties before us to seek revival of the matter in light of the decision of the Hon'ble Supreme Court in the aforesaid SLP.

30. Resultantly, the appeal filed by the assessee is allowed in terms of our aforesaid observations.

AY: 2022-23
ITA 1592/Hyd/2025

31. As the facts and the issue involved in the present appeal remain the same as are involved in the appeal of the assessee for the AY 2020-21, i.e., ITA No.1591/Hyd/2025, therefore, the order therein passed shall apply *mutatis mutandis* for the purpose of disposing of the present appeal.

32. Accordingly, we in terms of our observations recorded while disposing off the assessee's appeal for AY 2020-21 in ITA No. 1591/Hyd/2025, set aside the order passed by the CIT(A), and quash the impugned assessment order passed by the ACIT, Central Circle-1(1), Hyderabad under Section 147 of the Act, dated 26/03/2025, for want of a valid assumption of jurisdiction on his part.

33. In the result, both the appeals filed by the assessee in ITA Nos. 1591/Hyd/2025 and 1592/Hyd/2025 for AY 2020-21 & AY 2022-23 are allowed in terms of our aforesaid observations.

Order pronounced in the open court on 24th December, 2025.

Sd/- **(मधुसूदन सावडिया)** **(MADHUSUDAN SAWDIA)** **लेखासदस्य/ACCOUNTANT MEMBER**	**Sd/-** **(रवीश सूद)** **(RAVISH SOOD)** **न्यायिकसदस्य/JUDICIAL MEMBER**

Hyderabad, dated 24.12.2025.
**OKK/sps*

आदेशकीप्रतिलिपिअग्रेषित/ **Copy of the order forwarded to:-**

1.	निर्धारिती/The Assessee	:	Prabhakar Reddy Basireddy, C/o. CA PV Raghavendra Kumar, Sowbhagya Avenue Apts, 4th Floor, 402, Ashok Nagar, Street No.1, Hyderabad.
2.	राजस्व/ The Revenue	:	Dy. Commissioner of Income Tax, Central Circle-1(1), Aayakar Bhavan, Opposite LB Stadium, Basheerbagh, Hyderabad.
3.	The Principal Commissioner of Income Tax, Central Circle, Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण /DR,ITAT, Hyderabad.		
5.	The Commissioner of Income Tax		
6.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad.