आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'SMC' Bench, Hyderabad
श्री विजय पाल राव, उपाध्यक्ष एवं श्री मधुसूदन सावडिया, लेखा सदस्य के समक्ष ।

Before Shri Vijay Pal Rao, Vice-President
A N D
Shri Madhusudan Sawdia, Accountant Member

Appeal in ITA Nos.	Assessee	Revenue	A.Ys
1536 to 1539/ Hyd/2025	Sukesini Kumili, Hyderabad PAN:CKMPK5466J	Income Tax Officer Ward 15(1),Hyderabad	2015-16 and 2016-17
निर्धारिती द्वारा/Assessee by:		Advocate Shri S. Rama Rao	
राजस्व द्वारा/Revenue by::		Shri Madhukar AVES, Sr. DR	
सुनवाई की तारीख/Date of hearing:		07/01/2016	
घोषणा की तारीख/Pronouncement:		16/01/2026	

आदेश/ORDER

Per Madhusudan Sawdia, A.M.:

These four appeals are filed by Smt. Sukesini Kumili ("the assessee") feeling aggrieved by the separate orders passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)") for the A.Ys 2015-16 and 2016-17, all dated 16.07.2025. Since inter-related issues are involved in all these four appeals, for the sake of convenience, these were heard together and are being disposed of by this common consolidated order.

ITA No.1536/Hyd/2025:

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

1) The order of the learned CIT (A) is erroneous both on facts and in law;
2) The learned CIT (A) erred in not considering the fact that the notice u/s 148A(b), order u/s 148A(d) and the notice u/s 148 of the I.T.Act were issued by the authority who has no jurisdiction to do so and accordingly the order of assessment is invalid;
3) The learned CIT (A) confirming the action of the Assessing Officer in completing the assessment for the asessemnt year 2015-16 on 27.02.2024 after a period of 6 years and that such assessment is got barred by limitation within the meaning of Sec.153 of the I.T.Act.
4) The learned CIT (A) ought to have considered the fact that the income escaping assessment even according to the Assessing Officer is only Rs.10,34,410/- being the amount of income assessed and not the amounts mentioned in the notice issued u/s 148 of the I.T.Act.
5) The learned CIT (A) ought to have considered the fact that the income escaping assessment is less than Rs.50 lakhs and the notice was issued beyond a period of 3 years and, therefore, the notice is not within the time allowed u/s 149 of the I.T.Act;
6) the assessment made u/s 144 rws 147 is illegal, contrary to law and accordingly the learned CIT (A) ought to have annulled the assessment made;

7) The learned CIT (A) ought to have held that the person issuing the notice has no jurisdiction; the amount involved is less than Rs.50 lakhs and that the order passed is not legally valid;

8) The learned CIT (A) ought to have accepted the fact that the amount admitted by the appellant in the return of income of Rs.6,36,000/- is taxable under the regular provisions of law and not u/s 115BBE of the I.T.Act.

9) The learned CIT (A) ought to have held that the addition made by the Assessing Officer of Rs.3,98,410/- is unjust and against the facts on record and accordingly the learned CIT (A) ought to have cancelled the order passed by the Assessing Officer;

10) Any other ground/grounds that may be urged at the time of hearing;

APPELLANT

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3. The brief facts of the case are that the assessee had filed an appeal before the Ld. CIT(A) against the order of the Learned Assessing Officer ("Ld. AO") passed for Assessment Year 2015-16 under Section 147 r.w.s. 144 and 144B of the Income Tax Act, 1961("the Act"), dated 27.02.2024. The Ld. CIT(A) dismissed the appeal of the assessee.

4. Aggrieved by the order of the Ld. CIT(A), the assessee is in further appeal before this Tribunal. At the outset, the Learned Authorized Representative ("Ld. AR") submitted that under ground no. 2 of the appeal, the assessee has raised a legal ground challenging the validity of the notice issued under section 148 of the Act and the order passed under section 148A(d) of the Act. In

this regards the Ld. AR submitted that the notice issued under section 148 as well as the order passed under section 148A(d) of the Act were by the Jurisdictional Assessing Officer ("JAO") instead of the Faceless Assessing Officer ("FAO"), which is contrary to the scheme of faceless reassessment introduced by the CBDT. In this regards, the Ld. AR invited our attention to the order passed under section 148A(d) of the Act, dated 06.04.2022 and the notice issued under section 148 of the Act on the same date. He demonstrated that both the documents clearly bear the name and designation of the JAO. It was submitted that the CBDT Notification No. 18/2022 dated 29.03.2022, issued under section 151A(1) and (2) of the Act, mandates that with effect from 29.03.2022, all notices under section 148 of the Act must be issued through the Faceless Assessment Unit. Relying on various decisions of the Coordinate Benches of the Tribunal and Hon'ble High Courts, the Ld. AR argued that when a notice is issued by an authority having no jurisdiction in law, such notice is void ab initio, and all consequential proceedings stand vitiated. He therefore submitted that the notice issued under section 148 of the Act and the consequent assessment order passed under section 147 read with section 144 and 144B of the Act are bad in law and liable to be quashed.

5. Per contra, the Ld. DR strongly supported the orders of the lower authorities. He submitted that the legal issue raised by the assessee is pending adjudication before the Hon'ble Supreme Court in the case of Hexaware Technology Ltd., in the SLP filed by the Revenue against the Judgment of Hon'ble High Court of Bombay. Therefore, this issue may be kept open till the outcome of the SLP pending before the Hon'ble Supreme Court.

6. We have considered the rival submissions and perused the material available on record. We have gone through the order passed under section 148A(d) of the Act, dated 06.04.2022, which is to the following effect:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE INCOME TAX OFFICER
WARD 15(1), HYDERABAD/

To,
SUKESINI KUMILI
H NO 11-4-1306/3 RAILWAY QUARTERS ,
CHILKALGUDA
SECUNDERABAD 500025 , Andhra Pradesh
India

PAN: CKMPK5466J	A.Y: 2015-16	Dated: 06/04/2022	DIN & Notice No: ITBA/AST/F/148A/2022-23/1042593845(1)

Name of the assessee	SUKESINI KUMILI
Address of the assessee	H NO 11-4-1306/3 RAILWAY QUARTERS , CHILKALGUDA SECUNDERABAD 500025 , Andhra Pradesh India
Resident/ Not Ordinarily Resident/ Non-Resident	
Date of order	06/04/2022
Specified authority approval	Name PCCIT, AP & TELANGANA Reference No. 100000029535714 Date

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

As per this office record, the assessee **has not filed Income Tax Return for the A.Y. 2015-16**. In this case, the undersigned has following information in his possession which is available in NMS module of Insight portal under Non-filer with potential tax liabilities. The information in this case has been identified and flagged by the Directorate of Income Tax (Systems), CBDT in accordance with the risk management strategy formulated by the Central Board of Direct Taxes as per the provisions clause (i) of Explanation 1 to Section 148 of the Income Tax Act, 1961.

2. The gist of the information is as under:

CKMPK5466J- SUKESINI KUMILI
A.Y. 2015-16
ITBA/AST/F/148A/2022-23/1042593845(1)

AIR-001 Deposited cash of Rs. 10,00,000 or more in a saving bank account BANK OF BARODA 1 AMOUNT 10,05,465

CIB-410 Deposit In Cash aggregating Rs. 2,00,000/- or more, with a banking company BANK OF BARODA 3 TRANSACTION AMOUNT 9,90,000

CIB-403 Time deposit exceeding Rs. 2,00,000/- with a banking company ANDHRA BANK-SITHAPHALMANDIBRANCH(545) 2 TRANSACTION AMOUNT 8,00,000

CIB-403 Time deposit exceeding Rs. 2,00,000/- with a banking company BANK OF BARODA 29 TRANSACTION AMOUNT 2,23,96,463

TDS194A TDS Statement - Interest other than interest on securities (Section 194A) ANDHRA BANK,SITAPHALMANDI BR. 5 AMOUNT PAID OR CREDITED 31,890

3. On the basis of above information, which reveals that the income chargeable to tax, represented in the form of asset, which has escaped assessment amount to the tune of Rupees more than 50 lakhs, for the year under consideration, a show cause notice u/s 148A(b) of the income tax act, 1961, with the prior approval of the Pr. Chief Commissioner of Income Tax, AP & Telangana, Hyderabad was issued on 22.03.2022 and served on the assessee requiring the assessee to show cause as to why a notice under section 148 of the Income Tax Act, 1961 should not be issued on the basis of above information and date of compliance was fixed for 30.03.2022. The assessee was requested to file its submissions along with necessary evidences in support of its claim, on or before the given date. It was also informed that, in case of non-compliance, it would be considered that the assessee has nothing to say and the undersigned would be constrained to proceed with the proceedings as per the provision of section 148(d) of the Act, on the basis of the information/document available on record.

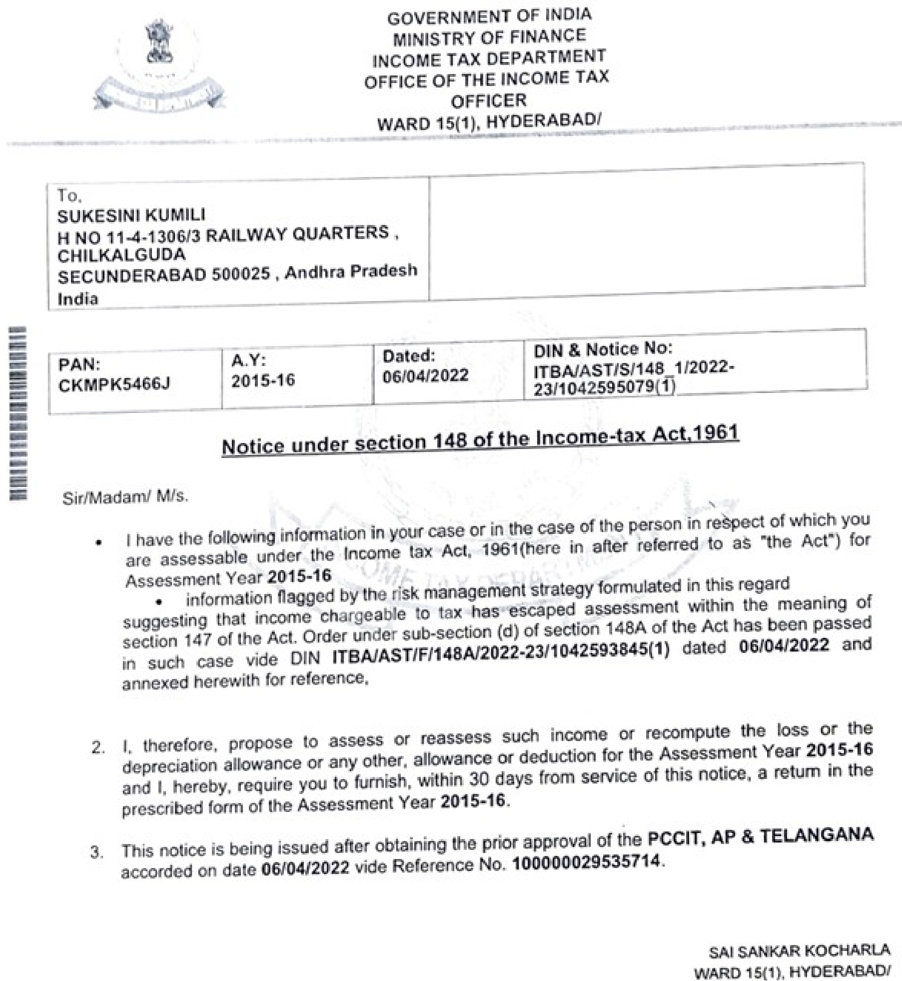
4. However, the assessee failed to submit any explanation or to file any objection with regard to escapement of income as discussed supra and as informed vide show cause notice u/s 148A(b) of the Income Tax Act, 1961 within the stipulated time. It clearly establishes that the assessee doesn't have any explanation to offer and income has been escaped for the year under consideration which is exceeding Rs. 50 lakhs, represented in the form of asset.

5. In view of the above, it is hereby decided that this is a fit case to issue a Notice u/s 148 of the Income Tax Act, 1961 in this case for A.Y. 2015-16.

6. Prior Approval has been accorded by the Specified Authority i.e. **Pr. Chief Commissioner of Income Tax, AP &Telangana, Hyderabad** u/s 148A(d) read with Section 151 of the Income Tax Act, 1961, for passing this Order u/s 148A(d) of the Income Tax Act, 1961.

7. On perusal of above, it is evident that the order under section 148A(d) of the Act was passed by JAO on 06.04.2022. We

have also gone through the notice issued under section 148 of the Act, which is to the following effect:



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE INCOME TAX OFFICER
WARD 15(1), HYDERABAD/

To, SUKESINI KUMILI H NO 11-4-1306/3 RAILWAY QUARTERS , CHILKALGUDA SECUNDERABAD 500025 , Andhra Pradesh India	

PAN: CKMPK5466J	A.Y: 2015-16	Dated: 06/04/2022	DIN & Notice No: ITBA/AST/S/148_1/2022-23/1042595079(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 **2015-16**
  - information flagged by 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/2022-23/1042593845(1)** dated **06/04/2022** and annexed herewith for reference,

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 **2015-16** and I, hereby, require you to furnish, within 30 days from service of this notice, a return in the prescribed form of the Assessment Year **2015-16**.

3. This notice is being issued after obtaining the prior approval of the **PCCIT, AP & TELANGANA** accorded on date **06/04/2022** vide Reference No. **100000029535714**.

SAI SANKAR KOCHARLA
WARD 15(1), HYDERABAD/

8. On perusal of the above, it is evident that the notice under section 148 of the Act was also issued by the JAO on 06.04.2022. Further, we have carefully examined the CBDT Notification No. 18/2022 dated 29.03.2022, issued in exercise of power conferred under section 151A(1) and (2) of the Act, which is to the following effect:

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 sub-sections (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.

[Notification No. 18/2022/F. No. 370142/16/2022-TPL(Part1]

SHEFALI SINGH, Under Secy.

9. On perusal of para no. 3 of the said notification, it is evident that the assessment, re-assessment or re-computation under section 147 of the Act and any notice to be issued under section 148 of the Act on or after 29.03.2022 shall be in accordance with the Faceless Assessment Scheme by the FAO. Hence, on perusal of the order under section 148A(d) of the Act, notice issued under section 148 of the Act and the CBDT notification, we find that in the present case, the order passed under section 148A(d) and the notice issued under section 148 of the Act was on 06.04.2022, i.e., after the said CBDT notification came into effect. However, in terms of the CBDT Notification, the JAO ceased to have authority to issue notice under section 148 of the Act w.e.f. 29.03.2022. It is manifest from the above that the issue of notice under section 148 as well as the passing of order under section

148A(d) of the Act were conducted by the JAO and not in the Faceless manner as prescribed by the CBDT notification dated 29.03.2022. We note that similar issue has been considered by the Coordinate Bench of ITAT, Hyderabad in the case of Shri Kotha Kanthaiah vs. ITO in ITA.No.1259/Hyd/2024 for the assessment year 2016-17 vide Order dated 04.09.2025 wherein the Tribunal in para nos. 9 to 16 of its order held 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:*

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT
COMMISSIONER OF INCOME TAX
CIRCLE 1,KARIMNAGAR

To, KOTHA KANTHAIAH HNO 7-3-234 JANGAM WARD 8 , JANGAM RAMGUNDAM KARIMNAGAR 505208 , Andhra Pradesh India	

PAN:	A.Y:	Dated:	DIN & Notice No:
AQBPK7356C	2016-17	21/02/2023	ITBA/AST/F/148A(SCN)/2022-23/1049973923(1)

Notice under clause(b) of section 148A of the Income-tax Act,1961

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 **05/03/2023** electronically at www.incometax.gov.in.

LAXMI PAVANA GAYATHRI MUKKERA
CIRCLE 1,KARIMNAGAR

> *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 :

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT
COMMISSIONER OF INCOME TAX
CIRCLE 1,KARIMNAGAR

To, **KOTHA KANTHAIAH** **HNO 7-3-234 JANGAM WARD 8 , JANGAM RAMGUNDAM** **KARIMNAGAR 505208 , Andhra Pradesh India**	

PAN:	A.Y:	Dated:	DIN & Notice No:
AQBPK7356C	2016-17	30/03/2023	ITBA/AST/S/148_1/2022-23/1051671241(1)

Notice under section 148 of the income-tax Act,1961

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**
   - 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,

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 immediately 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 i.e., 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**[1] 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 & OTHERS2, Gauhati High Court in the case of RAM NARAYAN SAH vs. UNION OF INDIA3, Punjab and Haryana High Court in the case of JATINDER SINGH BANGU vs. UNION OF INDIA4, and Telangana High Court in the case of SRI VENKATARAMANA REDDY PATLOOLA vs. DEPUTY COMMISSIONER OF INCOME TAX5 where the issue was in respect of international taxation, Bombay High Court in the case of ABHIN ANILKUMAR SHAH vs. INCOME TAX OFFICER, INTERNATIONAL TAXATION6 which is again on international taxation and central circle, High Court of Himachal Pradesh in the case of GOVIND SINGH vs. INCOME TAX OFFICER7, Gujarat High Court in the case of MANSUKHBHAI DAHYABHAI RADADIYA vs. INCOME TAX OFFICER, WARD 3(3)(5)8, Jharkand High Court in the case of SHYAM SUNDAR SAW vs. UNION OF INDIA9, Rajasthan High Court in the case of SHARDA DEVI CHHAJER vs. INCOME TAX OFFICER & ANOTHER and batch of writ petitions10 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 178 (Telangana), 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.*
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> *14. In the case of BANK OF INDIA vs. ASSISTANT COMMISSIONER, INCOME TAX11, 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 Saraf12 as also the recent decision of the co ordinate Bench of this Court in Samp Furniture (P) Ltd. v. ITO13 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 loose its binding force. Referring to the decision of the Supreme Court in*

Union of India vs. Kamlakshi Finance Corporation Ltd.14, 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.

> *"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 quasijudicial issues before them, revenue officers are bound by the decisions of the appellate authorities. The order of the Appellte 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 15 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 16 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 147of 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 null and void-ab-initio.*
>
> *3. The Notice issued u/s 148 of the I.T. Act, 1961 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 Rs. 50 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 I.T Act, 1961 dated 30.03.2023, is illegal 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 156 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 NoF.No.299/10/2022-Dir(lnv.III)/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."*

10. On perusal of the above, it is evident that, this Tribunal relying on the Judgment of Hon'ble Jurisdictional High Court for the State of Telangana in the case of Kotha Kanthaiah dated 24/04/2025 in W.P.No.344 of 2025, has held that the notice issued under section 148 of the Act by the JAO on or after the date of CBDT notification(supra) is not valid and liable to be set aside/quashed. In the present case, there is no dispute on the fact that the notice under section 148 of the Act has been issued by the JAO after the date of CBDT notification (supra). Therefore, respectfully following the Judgment of Hon'ble Jurisdictional High Court for the State of Telangana in the case of Kotha Kanthaiah (supra) as well as the decisions of this Tribunal in the case of Kotha Kanthaiah (supra), we hold that, the notice issued by the JAO under section 148 of the Act, dated 06.04.2022 is not valid and liable to be quashed. Accordingly, we set aside the order of the Ld. CIT(A) and quash the impugned assessment order passed by the Ld. AO in the same terms as laid down by the Hon'ble Jurisdictional High Court for the State of Telangana in the case of Kotha Kanthaiah(supra).

11. Further, we find that the issue is pending for adjudication before the Hon'ble Supreme Court in the SLP filed by the Revenue in the case of Hexaware Technology Ltd., against the Judgment of Hon'ble High Court of Bombay and the Hon'ble Jurisdictional High Court for the State of Telangana in the case of Kotha Kanthaiah (supra) has 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.

12. As we have allowed the appeal of the assessee on legal ground regarding the validity of notice issued under section 148 of the Act, we do not propose to adjudicate on the other grounds of appeal of the assessee, which are kept upon.

13. In the result, the appeal of the assessee in ITA No. 1536/Hyd/2025 is allowed in terms of our above observation.

ITA No. 1538/Hyd/2025

14. We observe that in this appeal also the assessee has raised legal issue challenging the validity of the notice issued under section 148 of the Act as well as the order passed under section 148A(d) of the Act. The assessee has contended that the notice issued under section 148 and the order passed under section 148A(d) of the Act were by the JAO instead of the FAO, which is contrary to the statutory scheme of Faceless Assessment introduced by the CBDT. It has been argued that, since the notice and order were issued by the JAO in violation of the mandatory faceless procedure, the proceedings are bad in law, and consequently, the assessment orders passed pursuant thereto are liable to be quashed.

15. On perusal of the records, we find that the Ld. AO passed the order under section 148A(d) on 20.03.2023 and issued the notice under section 148 on 25.03.2023. Thus, in this case also, there is no dispute regarding the fact that the JAO passed the order under section 148A(d) and issued the notice under section 148 after 29.03.2022, which is the effective date notified by CBDT for implementation of the Faceless Reassessment Scheme. As per the

CBDT Notification, any assessment, reassessment or re-computation under section 147 of the Act, and any notice issued under section 148 on or after 29.03.2022, shall mandatorily be in accordance with the faceless reassessment scheme and must be carried out by the FAO. Therefore, the issues involved in this appeal is identical to those arising in ITA No. 1536/Hyd/2025. Hence, our observations and findings recorded therein apply mutatis mutandis to the present appeals as well. In ITA No. 1536/Hyd/2025, we have held that the notice issued by the JAO under section 148 of the Act on or after 29.03.2022 is invalid and bad in law, and accordingly we have set aside the order of the Ld. CIT(A) and quashed the impugned assessment order. Following the same reasoning, this appeal of the assessee is also allowed in same terms.

ITA Nos.1537 and 1539/Hyd/2025:

16. There is no dispute regarding the facts that both the present appeals relate to penalty proceedings arising out of the quantum addition in ITA Nos. 1536 and 1538/Hyd/2025 respectively. We further note that we have already adjudicated the quantum appeals and have quashed the assessment order passed by the Ld. AO with regard to the quantum. Consequently, the very foundation on which the impugned penalty has been levied no longer survives. Since the penalty orders have been passed solely on the basis of the addition made in the assessment order, which now stands quashed, the penalty orders becomes unsustainable in the eyes of law. Accordingly, the impugned penalty orders are hereby quashed.

17. In the result, the appeals of the assessee in ITA no.1537 & 1539/Hyd/2025 are allowed.

18. To sum up, all the four appeals filed by the assessee are allowed in terms of our above observations.

Order pronounced in the Open Court on 16th January 2026.

Sd/-	Sd/-
(VIJAY PAL RAO) **VICE PRESIDENT**	**(MADHUSUDAN SAWDIA)** **ACCOUNTANT MEMBER**

Hyderabad, dated 16th January 2026

Vinodan/sps

Copy to:

S.No	Addresses
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2	Income Tax Officer Ward 15(1) IT Towers, AC Guards, Hyderabad
3	Pr. CIT, Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order