

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'B': NEW DELHI**

**BEFORE SHRI YOGESH KUMAR U.S., JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**ITA No.475/Del/2025
(ASSESSMENT YEAR 2013-14)**

Anil Kumar Jain, 4735/22, Parkash Deep Building, Second Floor, Daryaganj, New Delhi. PAN-AAGPJ2715D (Appellant)	Vs.	Dy. CIT, Central Circle-26, New Delhi. (Respondent)
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Assessee by	Shri Prem Lamba, CA
Department by	Shri Rajesh Kumar Dhanesta, Sr. DR
Date of Hearing	18/11/2025
Date of Pronouncement	16/01/2026

ORDER

PER MANISH AGARWAL, AM:

This appeal is filed by the Assessee against the order of the Learned Commissioner of Income Tax (Appeals)-29, New Delhi ('Ld. CIT(A)' in short) dated 10.12.2024 in Appeal No. CIT(A), Delhi-29/10194/2019-20 arising out of the order passed u/s 147/148.r.w.s 143(3) of the Income Tax Act, 1961 ('the Act' for short) dated 08.12.2019 for Assessment Year 2013-14.

2. Brief facts of the case are that assessee is an individual and filed his return of income on 23.09.2013 declaring total income of Rs.13,24,680/-. Thereafter, the assessment was completed u/s 143(3) of the Act and income of the assessee was assessed at Rs. 14,22,340/-. Subsequently based on the information received as a

result of survey/search carried out in the case of Shri Anand Jain and Shri Naresh Jain Group of cases on 17.12.2015 and further survey action was carried out at the business premises of the assessee and his family, that assessee is one of the beneficiaries of accommodation entries provided by Jain brothers. Accordingly, after recording the reasons, case of the assessee was reopened u/s 147 of the Act. After considering the submissions made by the assessee reassessment order was passed wherein the AO has made the additions of Rs.1,13,96,698/- towards the unsecured loans of Rs.42,20,000/- received from M/s CVH Sea Lives Ltd., M/s Purus Marketing Pvt. Ltd. & M/s Uanan Sales Pvt. Ltd. and further addition of Rs.71,76,698/- is made towards the bogus purchases. In first appeal, ld. CIT(A) confirmed the action of ld. AO and dismissed the appeal of the assessee.

3. Aggrieved by the said order, assessee is in appeal before the Tribunal by taking following grounds of appeal:

1. *On the facts and circumstances of the case, the CIT(A) has erred in confirming the action of the AO in issuing notice u/s 148 and assumption of jurisdiction u/s 147 in absence of condition precedent for assumption of jurisdiction, the order passed by the AO is bad in law, void ab initio and liable to be set aside.*
- 1.1. *On the facts and circumstances of the case, the CIT(A) erred in confirming the initiation of reassessment u/s 148 in absence of valid sanction under Section 151 of the Income Tax Act, 1961.*
- 1.2. *On the facts and circumstances of the case, the CIT(A) erred in confirming the initiation of reassessment u/s 148 merely on the change of opinion.*
- 1.3. *On the facts and circumstances of the case, the AO erred in initiating reassessment u/s 148 in gross violation of dictum laid down by Hon'ble Supreme Court in CIT V. Kelvinator of India Ltd. (2010) 320 ITR 561 (SC)*
- 1.4. *On the facts and circumstances of the case, the AO erred in initiating reassessment without alleging any failure on the part of Appellant in disclosing full and truly all primary relevant facts during the original assessment under Section 143(1) of the Income Tax Act, 1961.*
- 1.5. *On the facts and circumstances of the case, the AO erred in initiating reassessment on the basis of third-party investigation report without application of mind.*

- 1.6. *On the facts and circumstances of the case, the AO erred in initiating reassessment u/s 148 qua genuineness of unsecured loan as well as purchases disclosed, considered and accepted during the original assessment under Section 143(3) of the Income Tax Act, 1961 for AY 2013-14*
2. *On the facts and circumstances of the case, the impugned order dated 10th December 2024 passed by the CIT(A) as well as order dated 08 December 2019 passed by the AO under Section 147 read with Section 143(3) manually without mentioning the Document Identification Number (DIN) is non-est.*
 - 2.1. *On the facts and circumstances of the case, the impugned order dated 10th December 2024 passed by the CIT(A) as well as order dated 08 December 2019 passed by the AO under Section 147 read with Section 143(3) sans DIN is contrary to CBDT Circular No. 19/2019 dt. August 14, 2019.*
 - 2.2. *On the facts and circumstances of the case, the impugned order dated 10th December 2024 passed by the CIT(A) as well as order dated 08 December 2019 passed by the AO under Section 147 read with Section 143(3) is void ab initio being contrary to jurisdictional High Court judgment in CIT (International Taxation) V. Brandix Mauritius Holdings Ltd. [2023] 456 ITR 34 (Delhi).*
3. *On the facts and circumstances of the case, Ld. A.O. has erred both on facts and in law, in making assessment at an income of Rs. 1,30,46,970/- as against income of Rs. 14,22,340/- declared by the appellant*
 - 3.1. *On the facts and circumstances of the case, the Ld. CIT(A) erred in upholding the addition of Rs. 42,20,000/- on account of alleged bogus unsecured loan being accommodation entries despite the fact that Appellant has substantiated the genuineness and creditworthiness of the lender/creditors and the same was accepted during the original assessment under Section 143(3) of the Act.*
 - 3.2. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs. 42,20,000/- on account of alleged bogus unsecured loan raised during the relevant AY without taking considering the Appellant's contention that the alleged unsecured loan accepted and repaid during the relevant A.Y was of Rs. 28,00,000/- only.*
 - 3.3. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs. 42,20,000/- made on account of alleged bogus unsecured loan under Section 690 on the basis of third party statement under Section 132(3) recorded during search without any corroborative evidence.*
34. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs. 42,20,000/- made on account of alleged bogus unsecured loan under Section 69C based on third party statement without affording an opportunity of cross examination to the Appellant.*
4. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs. 71,76,698/- on account of alleged bogus purchases made during*

the relevant AY without doubting the corresponding sales made by the Appellant in the relevant AY

- 4.1. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs. 71,76,698/- made by the AO on account of alleged bogus purchases made during the relevant AY, without rejecting the books of accounts in terms of Section 145(3) of the Act.*
- 4.2 *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs. 71,76,698/ on account of bogus purchases sans ad hoc disallowance and estimation of gross profit ratio as held in various judicial pronouncements.*
- 4.3. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition of Rs 71,76,698/- on account of bogus purchases without considering that the Appellant has discharge its primary onus by placing on record the evidence confirming the genuineness of the said purchases.*
- 4.4. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition made by the AO on account of bogus purchases/commission despite the fact that Appellant brought on record the evidence and material to prove the identity, creditworthiness and genuineness of the transaction even part of the transaction does not pertain to the Appellant.*
5. *On the facts and circumstances of the case, the CIT(A) erred in invoking the provisions of Section 251 and making enhancement of Rs. 100,89,578/- without alleging any failure on the part of Appellant in disclosing full and truly all primary relevant facts during the remand proceedings under Section 251(1)(a) of the Income Tax Act, 1961.*
- 5.1 *On the facts and circumstances of the case, the CIT(A) erred in making enhancement of Rs. 100,89,578/- without giving any adverse remarks of the reply filed by the Appellant against show-cause notice for the enhancement.*
6. *On facts and in law, the Ld. AO has erred in passing the order u/s 147 r.w.s 143(3) without jurisdiction sans jurisdictional conditions of Section 153 of the Act.*
- 6.1. *On facts and in law, the Ld. AO has erred in passing the order u/s 147 r.w.s 144 without complying with the procedure prescribed under Section 153C of the Income Tax Act.*
7. *On the facts and circumstances of the case, the AO has erred both on facts an in law in making the additions on account of commission paid of 2.27.934/-being 2% on Rs. 1,13,96,698/- alleging as commission paid against accommodation entries.*
- 7.1 *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition made by the AO in conjecture and surmises without there being any direct adverse material against the assessee, based only on suspicion*

- 7.2 *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition made by the AO in the assessment order dated 08th December 2019 u/s 147 r.w.s. 143(3) without giving it an opportunity to rebut the same in violation of the principle of natural justice.*
- 7.3. *On the facts and circumstances of the case, the CIT(A) erred in upholding the addition made by the AO in the assessment order dated 08th December 2019 u/s 147 r.w.s. 143(3) without providing the corroborative and cogent material found and collected during the third-party search to the Appellant.*
- 7.4. *On the facts and circumstance of the case, the CIT(A), the CIT(A) erred in upholding the assessment order dated 08th December 2019 passed u/s 147 r.w.s., 143(3) by the AO without considering the reply filed by the Appellant against show-cause notice.*
8. *On the facts and circumstances of the case and in law, the AO has erred in making addition on the basis of material collected at the back of the appellant without giving an opportunity to rebut the same in violation of the principle of natural justice*
9. *On the facts and circumstances of the case and in law, the AO erred in passing the assessment order dated 08th December, 2019 u/s 147 r.w.s... 143(3) by relying on various statements recorded during the course of survey/search which has been recorded under threat, pressure and was was not out of free will, is not reliable and the facts mentioned in the statements so recorded are contradictory, far from reality and is not true.*
10. *On the facts and circumstances of the case, the learned A.O. has erred both on facts and in law in levying interest under section 234B of the Act.*
11. *On the facts and circumstances of the case, the learned A.O. has erred both on facts and in law in initiating the proceedings under section 271(1)(c) of the Act.*
12. *The appellant craves leave to add, amend or alter any of the grounds of appeal.”*

4. Before us, with respect to Grounds of appeal Nos. 1 to 6 taken challenging the reopening of assessment u/s 147 of the Act, Ld. AR for the assessee submits that AO has recorded satisfaction in mechanical manner and no independent application of mind as he has acted on the borrowed satisfaction. He drew our attention to the copy of reasons recorded which are available at Pages 24 & 25 of the PB wherein at Column 9 of the Performa for approval, against the query “section under which assessment made?” is filled with ‘-’ and the fact of order passed earlier u/s 143(3) is

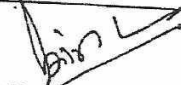
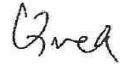
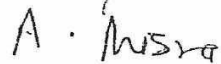
not stated. It is further stated that the approval given by PCIT is undated as could be seen from column 17 where satisfaction is recorded by ld. PCIT. Ld. AR submits that from these facts, it is clear that AO has not made any independent application of mind and the case of the assessee was reopened u/s 147 of the Act in mechanical manner. Reliance is placed on the judgment of Co-ordinate Bench in the case of Nova Formworks Private Limited (Formerly known as Wonder Moldplast Private Limited) vs. ITO in ITA No.1724/Del/2020 dated 30.05.2025 and in the case of Seema Mehta vs. ITO in ITA No.2405/Del/2024 and requested that the notice issued u/s 148 deserves to be held as invalid and consequent reassessment proceedings deserves to be quashed.

5. On the other hand, ld. Sr. DR submits that a survey was carried on 17.12.2015 at the business premises of the assessee and during the course of original assessment proceedings, the information collected as a result of search and survey carried out were not available with the AO and, therefore, the same constituted fresh material unearth as a result of survey and accordingly, the proceedings initiated by the AO u/s 147 of the Act are valid proceedings. The Ld. Sr. DR further submits that from the perusal of the approval given and the reasons recorded it could be seen that due process of law was followed and, therefore, he prayed for the confirmation of the initiation of reopening of the case and requested that action of the AO deserves to be upheld.

6. Heard both the parties and perused the material available on record. The Performa for granting the approval for reopening is reproduced as under:

Form for recording of reasons for initiating proceedings u/s 147 of Income Tax Act, 1961 and for obtaining the approval of the Addl. CIT/ Pr. CIT

1.	Name and address of the assessee	Sh. Anil Kumar Jain, 8-Y/9, Under Hill Lane, Near Parmanand Hospital, Civil Lines, New Delhi - 110054
2.	PAN	AAGPJ2715D
3.	Range/Circle	Central Range-7 / Central Circle-26
4.	Asst. year for which notice u/s 148 is proposed	2013-14
5.	The quantum of income which has escaped assessment	Rs. 1,13,96,698/-
6.	Date of filing of original return	23.09.2013
7.	Total income declared in return	Rs. 13,25,680/-
8.	Whether processed u/s 143(1) or regular assessment made?	143(1) of the Act
9.	Section under which assessment made.	-
10.	The total income originally assessed/processed	Rs. 13,25,680/-
11.	Whether proviso to section 147 applicable?	Yes
12.	If S.No.14 is yes, specify (c) Whether assessee failed to furnish return of income u/s 139(1) or in response to notice u/s 142(1)? Or (d) What material facts were not disclosed by assessee in the said return	No Annexure A enclosed.

13. Whether the provisions of section 150(1) are applicable. If yes, relevant facts may be stated in item No.12 and it may also be brought out that the provisions of section 150(2) would not stand in the way of initiating proceedings u/s 147	No
14. Reasons of belief that income has escaped assessment	As per annexure A
15. Which provision of section 151 is applicable?	151(1) of the Act
16. Name and designation of AO with signature	 (Jata Shankar Meena) ACIT, Central Circle-26, New Delhi
17. Satisfaction of the authority concerned as per clause 14 above.	<p>In view of reasons recorded by the Assessing Officer sanction for issue of Notice u/s 147 may be given.</p> <p> 8/3/19 /</p> <p>(Vivek Gupta) Addl. CIT, CR-7, New Delhi</p> <p>Perused reasons recorded. Satisfied that this is a fit case for notice u/s 147 -</p> <p> (Anuradha Mishra) Pr. Commissioner of Income Tax Central-3, New Delhi</p>

no delay

7. From the perusal of Performa for granting approval of reopening the assessment, it is observed that there was no mention in Column No. 9 regarding assessment completed passed u/s 143(3) of the Act prior to reopening of assessment. It is further seen that in Column No.17, ld. PCIT has recorded the satisfaction in mechanical manner where it is observed that “on perusal of the reasons recorded satisfied that it is a fit case for notice u/s 148”, however, Ld. PCIT has not referred any material/records before reaching to such satisfaction proceedings u/s 147 of the Act should be initiated though the order u/s 143(3) has already been passed. Further the assessment order u/s 143(3) was passed at a date much later than the date when the survey was carried out at the business premises of the assessee thus it cannot be said that the material found during the survey was fresh material. From the perusal of first para of the reasons recorded we find that AO stated that return of income filed was processed and there is no reference of assessment order passed u/s 143(3) of the Act in the case of the assessee. These facts, clearly suggests that reopening was made without any application of mind.

8. The Hon’ble High Court of Delhi in case cited as ***SABH Infrastructure Ltd. vs. ACIT in WP (C) 1357/2016 order dated 25.09.2017*** has issued guidelines to the Revenue authorities while deciding the issue of reopening u/s 147/148 of the Act. Operative part of which is reproduced as under:-

“19. Before parting with the case, the Court would like to observe that on a routine basis, a large number of writ petitions are filed challenging the reopening of assessments by the Revenue under Sections 147 and 148 of the Act and despite numerous judgments on this issue, the same errors are repeated by the concerned Revenue authorities. In this background, the Court would like the Revenue to adhere to the following guidelines in matters of reopening of assessments:

- (i) *while communicating the reasons for reopening the assessment, the copy of the standard form used by the AO for obtaining the approval of the Superior Officer*

should itself be provided to the Assessee. This would contain the comment or endorsement of the Superior Officer with his name, designation and date. In other words, merely stating the reasons in a letter addressed by the AO to the Assessee is to be avoided;

- (ii) *the reasons to believe ought to spell out all the reasons and grounds available with the AO for reopening the assessment - especially in those cases where the first proviso to Section 147 is attracted. The reasons to believe ought to also paraphrase any investigation report which may form the basis of the reasons and any enquiry conducted by the AO on the same and if so, the conclusions thereof;*
- (iii) *where the reasons make a reference to another document, whether as a letter or report, such document and/ or relevant portions of such report should be enclosed along with the reasons;*
- (iv) *the exercise of considering the Assessee's objections to the reopening of assessment is not a mechanical ritual. It is a quasi-judicial function. The order disposing of the objections should deal with each objection and give proper reasons for the conclusion. No attempt should be made to add to the reasons for reopening of the assessment beyond what has already been disclosed."*

9. The Hon'ble Delhi High Court in the case of ***CIT vs N.C. Cables Ltd.*** (supra) has observed as under:-

"Reassessment-Issuance of Notice-Sanction for issue of Notice-Assessee had in its return for A Y 2001-02 claimed that sum of Rs. 1 Crore was received towards share application amounts and a further sum of Thirty Five Lakhs was credited to it as an advance towards loan-Original assessment was completed u/s 143(3)- However, pursuant to reassessment notice, which was dropped due to technical reasons, and later notice was issued and assessments were taken up afresh-After considering submissions of assessee and documents produced in reassessment proceedings, AO added back a sum of Rs.1,35,00,000/- - CIT(A) held against assessee an legality of reassessment notice but allowed assessee's appeal on merits holding that AO did not conduct appropriate enquiry to conclude that share inclusion and advance received were from bogus entities-Tribunal allowed assessee's appeal on merits- Revenue appealed against appellate order on merits- Assessee's cross appeal was on correctness of reopening of assessment- Tribunal upheld, assessee's cross-objections and dismissed Revenue's appeal holding that there was no proper application of mind by concerned sanctioning authority u/s Section 151 as a pre-condition for issuing notice u/s 147/148-Held, Section 151 stipulates that CIT (A), who was competent authority to authorize reassessment notice, had to apply his mind and form opinion-Mere appending of expression 'approved' says nothing-It was not as if CIT (A) had to record elaborate reasons for agreeing with noting put up-At same time, satisfaction had to be recorded of given case which could be reflected in briefest

possible manner-In present case, exercise appears to have been ritualistic and formal rather than meaningful, which was rationale for safeguard of approval by higher ranking officer-Revenue's appeal dismissed."

10. Further, reliance placed in the judgement of Hon'ble Bombay High Court in the case of ***Saraswat CO-operative Bank Ltd. vs ACIT & Others [2025] 473 ITR 205 (Bom.)*** wherein Hon'ble Bombay High Court has held as under:-

Sanction mechanism under section 151

21. *Evidently, the reassessment was first proposed internally on March 24, 2021 by the jurisdictional Assessing Officer, and was recommended by a Range Officer on March 25, 2021, and approved by the Principal Commissioner of Income-tax on the same day all under section 151 of the Act. Therefore, the reassessment has been contemplated and initiated one year after the expiry of four years from the end of the relevant assessment year d (2015-16). Therefore, failure by the petitioner to disclose material facts was a jurisdictional imperative, which was simply incapable of being discerned from the material on record. Therefore, we have no hesitation in holding that the Revenue's bid to initiate reassessment is unfounded and in direct conflict with section 147 of the Act. Therefore, the sanction for reassessment under section 151 could simply not have been given.*

22. *The requirement for sanction by a high-ranking official under section 151, is an inherent check and balance in the statutory scheme of the Act. Such officers are expected to apply their mind to the facts and the applicable law and then accord sanction. In the instant case, the proposed reassessment was sanctioned by the Principal Commissioner of Income-tax, with the following remarks:*

"Yes, I am satisfied with the reasons recorded by the Assessing Officer for issuance of notice under section 148 of the Income-tax Act, 1961." (emphasis supplied)

23. *The power to sanction reassessment under section 151, is coupled with a duty to exercise such power reasonably, and not arbitrarily. It is trite law that absence of valid reasons constitutes arbitrariness. In the instant case, the entire process of according sanction demonstrates non-applica-tion of mind to the ingredients of section 147, rendering the sanction to be h arbitrary, calling for intervention by a writ court. Evidently, the proposal, the recommendation and the approval in the instant case was mechanical, without either application of mind to the law and the facts or even a modi-cum of how the ingredients of the law had been met. In short, the machinery under section 151 completely failed.*

24. *The imperative requirement of compliance with the ingredients of section 147 and section 148 is underlined in innumerable judgments. How-ever, we note with respect and approval, a judgment of a Division Bench of this court cited on behalf of*

the petitioner, in the case of Hindustan Lever Ltd. v. R. B. Wadkar (per V. C. Daga and J. P. Devadhar JJ.), and profitably extract the following (page 337 of 268 ITR):

"Reading of the proviso to section 147 makes it clear that if the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may, subject to the provisions of sections 148 to 153, assess or reassess such income and also any other income chargeable to tax which has escaped assessment and which comes to his notice subsequently in the course of the proceeding under section 147, or recompute the loss or the depreciation allowance or any other allowance, as the case may be, for the concerned assessment year. However, where an assessment under sub-section (3) of section 143 has been made for the relevant assessment year, no action can be taken under section 147 after the expiry of four years from the end of the relevant assessment year, unless any income chargeable to tax has escaped assessment for such assessment year by reasons of the failure on the part of the assessee to disclose all material facts necessary for his assessment for that assessment year.

In the case in hand it is not in dispute that the assessment year involved is 1996-97. The last date of the said assessment year was March 31, 1997 and from that date if four years are counted, the period of four years expired on March 31, 2001. The notice issued is dated November 5, 2002 and received by the assessee on November 7, 2002. Under these circumstances, the notice is clearly beyond the period of four years.

The reasons recorded by the Assessing Officer nowhere state that there was failure on the part of the assessee to disclose fully and truly all material facts necessary for the assessment of that assessment year. It is needless to mention that the reasons are required to be read as they were recorded by the Assessing Officer. No substitution or deletion is permissible. No additions can be made to those reasons. No inference can be allowed to be drawn based on reasons not recorded. It is for the Assessing Officer to disclose and open his mind through reasons recorded by him. He has to speak through his reasons. It is for the Assessing Officer to reach to the conclusion as to whether there was failure on the part of the assessee to disclose fully and truly all material facts necessary for his assessment for the concerned assessment year. It is for the Assessing Officer to form his opinion. It is for him to put his opinion on record in black and white. The reasons recorded should be clear and unambiguous and should not suffer from any vagueness. The reasons recorded must disclose his mind. Reasons are the manifestation of mind of the Assessing Officer. The reasons recorded should be self-explanatory and should not keep the assessee guessing for the reasons. Reasons provide link between conclusion and evidence. The reasons recorded must be based on evidence. The Assessing Officer, in the event of challenge to the reasons must be able to justify the same based on material available on record. He must disclose in the reasons as to which fact or material was not disclosed by the assessee fully and truly necessary for assessment of that assessment year, so as to establish vital link between the

reasons and evidence. That vital link is the safeguard against arbitrary reopening of the concluded assessment. The reasons recorded by the Assessing Officer cannot be supplemented by filing affidavit or making oral submission, otherwise, the reasons which were lacking in the material particulars would get supplemented, by the time the matter reaches to the court, on the strength of the affidavit or oral submissions advanced.

Having recorded our finding that the impugned notice itself is beyond the period of four years from the end of the assessment year 1996-97 and does not comply with the requirements of the proviso to section 147 of the Act, the Assessing Officer had no jurisdiction to reopen the assessment proceedings which were concluded on the basis of assessment under section 143(3) of the Act. On this short count alone the impugned notice is liable to be quashed and set aside." (emphasis¹ supplied)

25. *Having regard to the foregoing and in view of the findings returned by us, the writ petition deserves to be allowed in the following terms:*

"(A) The order dated March 25, 2021 sanctioning the reassessment under section 151 of the Act; the impugned notice dated March 30, 2021 issued under section 148 of the Act; the impugned order dated February 25, 2022 rejecting the objections raised by the petitioner are declared to be arbitrary and devoid of valid reasons and, therefore, illegal;

(B) Consequently, the order dated March 25, 2021 sanctioning the reassessment under section 151 of the Act; the impugned notice dated March 30, 2021 issued under section 148 of the Act; the impugned order dated February 25, 2022 and all consequential proceedings in respect of the reassessment are hereby quashed and set aside."

26. *Rule is made absolute in the aforesaid terms, and the writ petition is disposed of accordingly. There shall be no order as to costs."*

11. The Hon'ble Delhi High Court in the case of **SBC Minerals Pvt. Ltd. vs ACIT [2025] 475 ITR 360 (Del.)** has held as under: -

10. *"Before considering the merits of the contentions of the parties, it would be apposite to examine the relevant legal framework.*

11. *Section 151 of the Act, as it stood prior to the substitution by Act 13 of 2001 is reproduced hereunder:*

"151. Sanction for issue of notice.-(1) No notice shall be issued under section 148 by an Assessing Officer, after the expiry of a period of four years from the end of the relevant assessment year, unless the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing Officer, that it is a fit case for the issue of such notice.

(2) In a case other than a case falling under sub-section (1), no notice shall be issued under section 148 by an Assessing Officer, who is below the rank of Joint Commissioner, unless the Joint Commissioner is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice.

(3) For the purposes of sub-section (1) and sub-section (2), the Principal Chief Commissioner or the Chief Commissioner or the g Principal Commissioner or the Commissioner or the Joint Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself."

12. A plain reading of the aforesaid provision clearly indicates that the prescribed authority must be "satisfied", on the reasons recorded by the Assessing Officer ("AO"), that it is a fit case for the issuance of such notice. Thus, the satisfaction of the prescribed authority is a sine qua non for a valid approval.

13. It is trite law that the grant of approval is neither an empty formality nor a mechanical exercise. The competent authority must apply its mind independently on the basis of material placed before it before grant of sanction.

14. A perusal of the record reveals that the request for approval under section 151 of the Act in a printed format was placed before the Principal Chief Commissioner of Income-tax ("PCCIT") on March 20, 2023. The Principal Chief Commissioner of Income-tax granted the approval the same day. The approval accorded by the Principal Chief Commissioner of Income-tax in column 22 is extracted below:

22	Reasons for according approval/rejection by the specified authority to order under section 148A(d) and/or issuance of notice under section 148 of the Income-tax Act, 1961?	Remarks: Approved under section 148A(d) as a fit case.
		Name: Rajat Bansal
		Designation :PCCIT, Delhi
		Date-20.03.2023

15. It is evident that the approval order is bereft of any reasons. It does not even refer to any material that may have weighed in the grant of approval. The mere appending of the word "approved" by the Principal Chief Commissioner of Income-tax while granting approval under section 151 to the reopening under section 148 is not enough. While the Principal Chief Commissioner of Income-tax is not required to record elaborate reasons, he has to record satisfaction after application of mind. The approval is f a safeguard and has to be meaningful and not merely ritualistic or formal. The reasons are the link between material placed on record and the conclusion reached by the authority in respect of an issue, since they help in discerning the manner in which the conclusion is reached by the concerned authority. Our opinion in this regard is fortified by the decision of the apex court in Union of India v. Mohan Lal Capoor. The grant of approval by the Principal Chief

Commissioner of Income-tax in the printed format without any line of reason does not fulfil the requirement of section 151 of the Act.

16. We note that dealing with an identical challenge of approval having been accorded mechanically and without due application of mind had arisen for our consideration in the case of the Pr. CIT v. Pioneer Town Planners Pvt. Ltd., wherein, we had held as follows (page 361 of 465 ITR):

"13. The primary grievance raised in the instant appeal relates to the manner of recording the approval granted by the prescribed authority under section 151 of the Act for reopening of assessment proceedings as per section 148 of the Act.

17. Thus, the incidental question which emanates at this juncture is whether simply penning down 'Yes' would suffice requisite satisfaction as per section 151 of the Act. Reference can be drawn from the decision of this court in Pr. CIT v. N. C. Cables Ltd.¹, wherein, the usage of the expression 'approved' was considered to be merely ritualistic and formal rather than meaningful. The relevant paragraph of the said decision reads as under (page 17 of 391 ITR):

'11. Section 151 of the Act clearly stipulates that the Commissioner of Income-tax (Appeals), who is the competent authority to authorise the reassessment notice, has to apply his mind and form an opinion. The mere appending of the expression "approved" says nothing. It is not as if the Commissioner of Income-tax (Appeals) has to record elaborate reasons for agreeing with the noting put up. At the same time, satisfaction has to be recorded of the given case which can be reflected in the briefest possible manner. In the present case, the exercise appears to have been ritualistic and formal rather than meaningful, which is the rationale for the safeguard of an approval by a higher ranking officer. For these reasons, the court is satisfied that the findings by the Income-tax Appellate Tribunal cannot be disturbed.'

18. Further, this court in the case of Central India Electric Supply Co. Ltd. v. ITO has taken a view that merely rubber stamping of 'Yes' would suggest that the decision was taken in a mechanical manner. Paragraph 19 of the said decision is reproduced as under (page 245 of 333 ITR):

'In respect of the first plea, if the judgments in Chhugamal Rajpal v. S. P. Chaliha, Chanchal Kumar Chatterjee v. ITO and Govinda Choudhury and Sons v. ITO are examined, the absence of reasons by the Assessing Officer does not exist. This is so as along with the pro-forma, reasons set out by the Assessing Officer were, in fact, given. However, in the instant case, the manner in which the proforma was stamped amounting to approval by the Board leaves much to be desired. It is a case where literally a mere stamp is affixed. It is signed by an Under Secretary underneath a stamped Yes against the column which queried as to whether the approval of the Board had been taken. Rubber stamping of underlying material is hardly a process which can get the imprimatur of this court as it suggests that the decision has been taken in a mechanical manner. Even if the reasoning set out by the Income-tax

Officer was to be agreed upon, the least which is expected is that an appropriate endorsement is made in this behalf setting out brief reasons. Reasons are the link between the material placed on record and the conclusion reached by an authority in respect of an issue, since they help in discerning the manner in which conclusion is reached by the concerned authority. Our opinion is fortified by the decision of the apex court in Union of India v. Mohan Lal Capoor¹ wherein it was observed as under:

"27. We find considerable force in the submission made on behalf of the respondents that the 'rubber stamp' reason given mechanically for the supersession of each officer does not amount to 'reasons for the proposed supersession'. The most that could be said for the stock reason is that it is a general description of the process adopted in arriving at a conclusion.

28. If that had been done, facts on service records of officers considered by the Selection Committee would have been correlated to the conclusions reached. Reasons are the links between the materials on which certain conclusions are based and the actual conclusions. They disclose how the mind is applied to the subject-matter for a decision whether it is purely administrative or quasi-judicial. They should reveal a rational nexus between the facts considered and the conclusions reached. Only in this way can opinions or decisions recorded be shown to be manifestly just and reasonable." (emphasis supplied)

19. In the case of Chhugamal Rajpal v. S. P. Chaliha³, the hon'ble Supreme Court refused to consider the affixing of signature along with the noting 'Yes' as valid approval and had held as under (page 608 of 79 ITR):

'Further the report submitted by him under section 151(2) does not mention any reason for coming to the conclusion that it is a fit case for the issue of a notice under section 148. We are also of the opinion that the Commissioner has mechanically accorded permission. He did not himself record that he was satisfied that this was a fit case for the issue of a notice under section 148. To question 8 in the report which reads "whether the Commissioner is satisfied that it is a fit case for the issue of notice under section 148", he just noted the word "yes" and affixed his signatures thereunder. We are of the opinion that if only he had read the report carefully, he could never have come to the conclusion on the material before him that this is a fit case to issue notice under section 148. The important safeguards provided in sections 147 and 151 were lightly treated by the Income-tax Officer as well as by the Commissioner. Both of them appear to have taken the duty imposed on them under those provisions as of little importance. They have substituted the form for the substance.'

20. This court, while following Chhugamal Rajpal v. S. P. Chaliha in the case of Ess Advertising (Mauritius) S. N. C. Et Compagnie v. Asst. CIT (International Taxation), wherein, while granting the approval, the Assistant Commissioner of Income-tax has written: This is fit case for issue of notice under section 148 of the Income-tax Act, 1961. Approved, had held that the said approval would only amount

to endorsement of language used in section 151 of the Act and would not reflect any independent application of mind. Thus, the same was considered to be flawed in law.”

12. In view of the above discussion, we hold that the assumption of jurisdiction in reassessment u/s 147 of the Act was invalid and vitiated consequently the order passed is hereby quashed. Ground of appeal No.1 to 1.6 are allowed.

13. Since, we have already allowed the assessee's legal grounds and quashed the reassessment order, the other grounds of appeal become academic thus not adjudicated.

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

Order is pronounced in the Open Court 16. 01. 2026.

Sd/-
(YOGESH KUMAR U.S.)
JUDICIAL MEMBER

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Dated: 16.01.2026

PK/PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT NEW DELHI