

**IN THE INCOME TAX APPELLATE TRIBUNAL
DEHRADUN BENCHES 'DB': NEW DELHI.**

**BEFORE SHRI S.RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI YOGESH KUMAR U.S., JUDICIAL MEMBER**

**ITA No.60/DDN/2024
(Assessment Year: 2014-15)**

Babu Lal Patwari,
Prop. M/s. Sati Road Lines,
Bareilly Road, Lalkuan,
Haldwani – 262 402 (Uttarakhand).

vs.

DCIT, Circle 2(1)(1),
Haldwani.

(PAN : AEXPP2929L)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Somil Agarwal, Advocate
Shri Deepesh Garg, Advocate
REVENUE BY : Shri S.K. Chaterjee, CIT DR

Date of Hearing : 11.11.2025
Date of Order : 23.01.2026

ORDER

PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :

1. The assessee has filed appeal against the order of the Learned Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi ["Ld. CIT (A)", for short] dated 31.01.2024 for the Assessment Year 2014-15.
2. At the time of hearing, ld. AR of the assessee submitted that the instant case is covered on the jurisdictional aspect i.e., no notice under section 148 of the Income-tax Act, 1961 (for short 'the Act') can be issued for

AY 2016-17 without prior approval of the specified authority under the new regime in view of the judgement rendered by Hon'ble Supreme Court in the case of Union of India and Others vs. Rajeev Bansal [2024 SCC OnLine SC 2693.

3. Ld. AR brought to our notice the relevant facts, he submitted that the notice dated 31.03.2021 issued under Section 148 of the Act by the AO is illegal, bad in law, and without jurisdiction as the same has been issued without taking the valid approval/satisfaction from the prescribed authority mentioned under Section 151 of the Act. He submitted that under Section 151 of the Act, it has been provided that no notice under Section 148 of the Act shall be issued unless the AO has obtained prior approval of the specified authority to issue such notice. The specified authority for the purpose of this section has been defined in Section 151 of the Act. Section 151 of the Act which deals with the sanction of the specified authority for the issue of notice states specified authority for the purposes of section 148 and section 148A will be Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant assessment year. For the sake of brevity, Section 151 is reproduced as below:

a. *Section 151 of the Act reads as under:*

“151. Specified authority for the purposes of section 148 and section 148A shall be,—

(i) Principal Commissioner or Principal Director or Commissioner or Director, if three years or less than three years have elapsed from the end of the relevant assessment year;

(ii) Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant assessment year.”

4. Further he submitted that since more than 3 years have elapsed while issuing notice for the year under consideration, i.e., AY 2014-15, hence, the approval has to be obtained from PCCIT or PDGIT, and if there is no PCCIT or PDGIT, then from CCIT or DGIT under the provisions of Section 151(b) of the Act. He further submitted that from the bare perusal of the notice dated 31.03.2021 under Section 148 of the Act, it is apparent that the AO ought to have taken the approval from PCCIT when more than 3 years had already elapsed from the end of the assessment year. Hence, he pleaded that the alleged approval is erroneous, illegal, and bad in law.
5. He submitted that in the present case, the reopening notice under section 148 pertains to AY 2014-15 viz. more than 3 years have elapsed from the end of the Assessment Year. Thus, the Assessing Officer was required to

obtain the prior sanction of either the 'Principal Chief Commissioner' or 'Principal Director General'. However, in the present case, the approval has been obtained from the PCIT. It is well settled that the failure of an assessing officer to obtain the previous sanction of the specified authority vitiates the entire proceedings and the notice cannot be regarded as valid. He submitted that a power which is conferred upon a particular authority has to be exercised by that authority only and the satisfaction which the statute mandates of a distinct authority cannot be substituted by the satisfaction of another. The assessee therefore submits that in the present case, as approval is not from the 'specified authority' in terms of section 151(ii) of the Act, the impugned notice is without jurisdiction, invalid, unlawful, and is liable to be quashed. In this regard, he placed reliance on the following decisions :-

- (i) Communist Party of India (Marxist) v. Income Tax Department [2025] 174 taxmann.com 925 (Delhi) wherein it is held that the question as to which is the specified authority whose approval is mandatory, would depend on whether the notice under Section 148 of the Act was issued within a period of three years from the end of the relevant assessment year or thereafter.
- (ii) ITAT, Delhi in the case of Genpact India Holdings v. ACIT, Circle-1(3)(1), ITA No. 1527/Del/2024
- (iii) Hon'ble jurisdictional High Court judgements in the case of Bhagwan Sahai Sharma v. DCIT, [2025] 174 taxmann.com 916 (Delhi)
- (iv) DCIT v. Rudra Buildwell Homes (P.) Ltd., [2025] 178 taxmann.com 55 (Delhi - Trib.)

6. Further, ld. AR submitted that an RTI application was submitted by the assessee asking for whether approval u/s 151 dated 31.03.2021 in the case of the assessee for AY 2014-15 was digitally signed/physically signed and if you, kindly supply the duly signed copy of the approval dated 31.03.2021. In response to the said RTI application, it was reported that as per records available with this office and data fetched through ITBA system in the case of the assessee for AY 2014-15, the approval u/s 151 dated 31.03.2021 was accorded by the PCIT, Bareilly and as per the records available, the requisite document is unsigned. A copy of the RTI application and reply of the same is placed on record.
7. In view of his submissions, ld. AR pleaded that on the ground of approval from specified authority alone the notice under Section 148 of the Act and assessment order are illegal, bad in law and without jurisdiction and are liable to be quashed.
8. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.
9. Considered the rival submissions and material available on record. We observe that the instant case is covered on the jurisdictional aspect i.e., no notice under section 148 of the Act can be issued for AY 2014-15 as the same is issued without prior approval of the specified authority under the

new regime in view of the judgement rendered by Hon'ble Supreme Court in the case of 'Union of India and Others vs. Rajeev Bansal 2024 SCC OnLine SC 2693 wherein it is held as under :-

“73. Section 151 imposes a check upon the power of the Revenue to reopen assessments. The provision imposes a responsibility on the Revenue to ensure that it obtains the sanction of the specified authority before issuing a notice under Section 148. The purpose behind this procedural check is to save the assesses from harassment resulting from the mechanical reopening of assessments. 128 A table representing the prescription under the old and new regime is set out below:

Regime	Time limits	Specified authority
Section 151(2) of the old regime	Before expiry of four years from the end of the relevant assessment year	Joint Commissioner
Section 151(1) of the old regime	After expiry of four years from the end of the relevant assessment years	Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner
Section 151(i) of the new regime	Three years or less than three years from the end of the relevant assessment year	Principal Commissioner or Principal Director or Commissioner or Director
Section 151(ii) of the new regime	More than three years have elapsed from the end of the relevant assessment year	Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General

74. The above table indicates that the specified authority is directly co-related to the time when the notice is issued. This plays out as follows under the old regime: (i) If income escaping assessment was less than Rupees one lakh: (a) a reassessment notice could be issued under Section 148 within four years after obtaining the approval of the Joint Commissioner; and (b) no notice could be issued after the expiry of four years; and (ii) If income escaping was more than Rupees one lakh: (a) a reassessment notice could be issued within four years after obtaining the approval of the Joint Commissioner; and (b) after four years but within six years after obtaining the approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

75. After 1 April 2021, the new regime has specified different authorities for granting sanctions under Section 151. The new regime is beneficial to the assessee because it specifies a higher level of authority for the grant of sanctions in comparison to the old regime. Therefore, in terms of Ashish Agarwal (supra), after 1 April 2021, the prior approval must be obtained from the appropriate authorities specified under Section 151 of the new regime. The effect of Section 151 of the new regime is thus:

(i) If income escaping assessment is less than Rupees fifty lakhs: (a) a reassessment notice could be issued within three years after obtaining PART E the prior approval of the Principal Commissioner, or Principal Director or Commissioner or Director; and (b) no notice could be issued after the expiry of three years; and (ii) If income escaping assessment is more than Rupees fifty lakhs: (a) a reassessment notice could be issued within three years after obtaining the prior approval of the Principal Commissioner, or Principal Director or Commissioner or Director; and (b) after three years after obtaining the prior approval of the Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General. 76. Grant of sanction by the appropriate authority is a precondition for the assessing officer to assume jurisdiction under Section 148 to issue a reassessment notice. Section 151 of the new regime does not prescribe a time limit within which a specified authority has to grant sanction. Rather, it links up the time limits with the jurisdiction of the authority to grant sanction. Section 151(ii) of the new regime prescribes a higher level of authority if more than three years have elapsed from the end of the relevant assessment year. Thus, non-compliance by the assessing officer with the strict time limits prescribed under Section 151 affects their jurisdiction to issue a notice under Section 148. 77. Parliament enacted TOLA to ensure that the interests of the Revenue are not defeated because the assessing officer could not comply with the pre-conditions due to the difficulties that arose during the COVID-19 pandemic. Section 3(1) of TOLA relaxes the time limit for compliance with actions that fall for completion from 20 March 2020 to 31 March 2021. TOLA will PART E accordingly extend the time limit for the grant of sanction by the authority specified under Section 151. The test to determine whether TOLA will apply to Section 151 of the new regime is this: if the time limit of three years from the end of an assessment year falls between 20 March 2020 and 31 March 2021, then the specified authority under Section 151(i) has an extended time till 30 June 2021 to grant approval. In the case of Section 151 of the old regime, the test is: if the time limit of four years from the end of an assessment year falls between 20 March 2020 and 31 March 2021, then the specified authority under Section 151(2) has time till 31 March 2021 to grant approval. The time limit for Section 151 of the old regime expires on 31 March 2021 because the new regime comes into effect on 1 April 2021.”

10. In this regard, we observe that the notice dated 31.03.2021 issued by the AO under section 148 of the Act is illegal, bad in law, and without jurisdiction as the same has been issued without taking the valid approval/satisfaction from the prescribed authority mentioned under Section 151 of the Act.

11. Further we observe that since more than 3 years have elapsed while issuing notice for the year under consideration, i.e., AY 2014-15, hence, the alleged approval has to be obtained from PCCIT or PDGIT, and if there is no PCCIT or PDGIT, then from CCIT or DGIT under the provisions of Section 151(b) of the Act. Further, as is evident from the aforesaid provisions of Section 151 of the Act, the procedures prescribed thereunder are mandatory in nature and Assessing Officers are bound to follow the procedure in letter and spirit.
12. It is well settled that the failure of an assessing officer to obtain the previous sanction of the specified authority vitiates the entire proceedings and the notice cannot be regarded as valid. A Power which is conferred upon a particular authority has to be exercised by that authority only and the satisfaction which the statute mandates of a distinct authority cannot be substituted by the satisfaction of another.
13. We further observe that in the present case, as approval is not from the 'specified authority' in terms of section 151(ii) of the Act, the impugned notice is without jurisdiction, invalid, unlawful, and is liable to be quashed. In this regard, we find force from the decisions of Communist Party of India (Marxist) v. Income Tax Department [2025] 174 taxmann.com 925 (Delhi), wherein the Hon'ble Delhi High Court had referred to the earlier decisions including the decision rendered by the

Bombay High Court in J M Financial & Investments Consultancy Services (P.) Ltd. v. ACIT [W.P. No. 1050 of 2020]; Siemens Financial Services (P.) Ltd. v. Dy. CIT [2023] 457 ITR 647 (Bom) and Vidyadhar Shetty v. Income Tax Officer, Ward 28(1)(1), Mumbai &Ors. [W.P. No. 10849 of 2024]; the Madras High Court in Ramachandran Shivan v. ITO [W.P. No.8570 of 2023] and the Orissa High Court in Ambika Iron and Steel (P.) Ltd. v. Pr. CIT [2023] 452 ITR 285 (Ori.) and had noted that the question as to which is the specified authority whose approval is mandatory, would depend on whether the notice under Section 148 of the Act was issued within a period of three years from the end of the relevant assessment year or thereafter. We further find force from the order rendered by Hon'ble ITAT, Delhi in the case of Genpact India Holdings v. ACIT,Circle-1(3)(1), ITA No. 1527/Del/2024.

14. Further, we observe that it is trite law, that grant of the sanction by the authority under Section 151 of the Act, is not a mechanical act on his part but it requires due application of mind to the reasons recorded before granting the sanction and this has been provided so as to safeguard against issue of reopening notice (which seek to disturb the settled position) to ensure that assessee is not troubled with reopening issues without satisfactory reasons. Therefore, it must pass muster of the

Superior Officer in the context of Sections 147 and 148 of the Act, before it is issued to the party.

15. Accordingly, in view of our above findings, we observe that in the present case the relevant Assessment Year is AY 2014-15, and notice is issued beyond 3 years, hence, the approval from PCIT, Bareilly is illegal and bad in law. Thus, in the present case, the mandatory and binding provision of erstwhile Section 151 of the Act has not been followed and the approval has not been taken from the appropriate authority. Thus, the notice issued without a valid approval is illegal, bad in law and without jurisdiction and we quash the assessment on this ground alone. Accordingly, the appeal for AY 2014-15 filed by the assessee is allowed.
16. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on this 23RD day of January, 2026.

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

SD/-
(S.RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Dated: 23.01.2026

TS

Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT, NEW DELHI