

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

BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT
AND
SHRI MANJUNATHA G. ACCOUNTANT MEMBER

आ.अपी.सं / **ITA No.1327/Hyd/2025**
Assessment Year 2015-2016

Kum. Vasuki Katakam KURNOOL – 518 401. Andhra Pradesh. PAN DPTPK6562N (Appellant)	vs.	The Income Tax Officer, Ward-1, KURNOOL – 518 001. (Respondent)
निर्धारिती द्वारा / Assessee by:	CA Hari Agarwal	
राजस्व द्वारा / Revenue by:	MS P Sumitha, Sr. AR	
सुनवाई की तारीख / Date of hearing:	13.01.2026	
घोषणा की तारीख / Pronouncement:	28.01.2026	

आदेश / ORDER

PER VIJAY PAL RAO, VICE PRESIDENT :

This appeal by the Assessee is directed against the Order dated 26.06.2025 of the learned CIT(A)-National Faceless Appeal Centre [in short "NFAC], Delhi, for the assessment year 2015-2016.

2. The assessee has raised the following grounds in the instant appeal:

1. *“The order passed by The Hon'ble Commissioner of Income Tax (Appeals) -NFAC is against the facts and circumstances of the Appellant's case and is contrary to the provisions of Income-tax Act, 1961.*
2. *The Hon'ble Commissioner of Income tax (Appeals) - NFAC is unjustified in not appreciating the fact that the appellant, being a minor during the relevant year, was not liable to be assessed independently in respect of income not arising from her own manual work, skill, talent or specialized knowledge. Therefore, the assessment ought to have been completed in the hands of the parent as per section 64(1A). Therefore, the assessment in the minor's hands is bad in law.*
3. *The Hon'ble Commissioner of Income tax (Appeals) - NFAC is unjustified in not appreciating the fact that Learned Assessing officer erred in law and on facts in mechanically issuing the notice u/s 148A(b) and initiating proceedings u/s 148 without proper verification of information.*

The same cash deposit of Rs.18,46,200/- was erroneously considered twice, inflating the alleged quantum of deposits and thereby vitiating the very basis of reopening. The proceedings initiated on such incorrect and unverified information are bad in law and liable to be quashed.

4. *The Hon'ble Commissioner of Income tax (Appeals)-NFAC is unjustified in not appreciating the fact that, notice issued u/s 148A(b) of the Act is time-barred.*

- a. *An amount of Rs.75,17,400/- mentioned in the notice issued u/s 148A(b) of the act was inflated due to duplication and incorrect information.*
 - b. *Even if it is assumed that there was escapement of income, the actual amount i.e., total credits into bank was only Rs.38,26,100/-, which is finally determined in the assessment order by the Learned Assessing officer.*
 - c. *Since the alleged escapement of income is only Rs.38,26,100/-, which is below the Rs.50 lakh limit prescribed in section 149(1)(b) (as substituted by Finance Act, 2021), the reopening initiated beyond three years from the end of the relevant assessment year is not valid in law and liable to be quashed.*
5. *The Hon'ble Commissioner of Income Tax (Appeal) - NFAC is unjustified in upholding the addition of Rs.38,26,100/-made by the Learned Assessing officer u/s 69A of the Income Tax Act, 1961, by wrongly treating the cash deposited into the bank as unexplained money. Thus, the said addition may kindly be deleted.*
6. *The Appellant craves to add, alter and amend the above grounds of appeal.”*

3. The assessee has also raised the following additional grounds:

“The Hon'ble CIT (A) failed to appreciate the fact that the notice u/s 148 dated 01.04.2022 was issued by the Jurisdictional Assessing officer, Ward 1. Kurnool (JAO), Instead of National Faceless Assessment Centre (NFAC), Delhi, (FAO) as mandated u/s 151A

r.w.s 1448 of the Act, which is invalid and without jurisdiction. Therefore, the reassessment proceedings are bad-in-law and liable to be quashed.”

4. Brief facts of the case are that the assessee is a minor student studying intermediate course and daughter of Sri K. Venkata Ramaiah. As Kartha of HUF Sri K. Venkata Ramaiah father of the assessee has made fixed deposits jointly in the name of himself and his daughter Kum Vasuki Katakam-Assessee herein in Central Bank of India, Nandikotkur Branch during the financial year 2014-2015 relevant to the assessment year under consideration aggregating to Rs.19 lakhs. As per the available data with the department, the case of the assessee has been selected for scrutiny on account of cash deposits with Central Bank of India, Nandikotkur and ING Vysya Bank Ltd., Kurnool totalling to Rs.75,17,400/-. The assessee had not filed her return of income u/sec.139(1) of the Income Tax Act [in short "the Act"], 1961. The Assessing Officer has noted that the income earned from the investments were not assessed to tax and therefore, considered as escapement of income for the impugned assessment year under consideration.

Accordingly, the Assessing Officer issued notice u/sec.148A(b) of the Act on 18.03.2022 calling the assessee to file her reply on or before 25.03.2022. In absence of any reply, the Assessing Officer has passed Order u/sec.148A(d) of the Act on 01.04.2022 and issued notice u/sec.148 of the Act on 01.04.2022 calling the assessee to furnish her submissions/reply. Further the Assessing Officer has also issued notices u/sec.142(1) of the Act and issued show cause notices calling the assessee to furnish details along with supporting documentary evidence proving the source of income out of which the cash deposits were made in Central Bank of India and ING Vysa Bank Ltd. Since, there were no satisfactory reply filed by the assessee and in the absence of any return of income, the Assessing Officer assessed the income of the assessee at Rs.38,26,100/- as unexplained money u/sec.69A of the Income Tax Act, 1961 vide order dated 04.03.2024 passed u/sec.147 r.w.s.144 r.w.s.144B of the Income Tax Act 1961.

5. On being aggrieved, the assessee carried the matter in appeal before the learned CIT(A). During the course

of appellate proceedings, the learned CIT(A) has issued notices on 05 occasions i.e., dated 01.05.2024, 09.01.2025, 17.04.2025, 06.06.2025 and 13.06.2025 but the assessee did not file her submissions with supporting documentary evidence. Hence, the learned CIT(A) has confirmed the Order of the Assessing Officer and sustained the additions.

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

7. The learned Authorised Representative of the Assessee at the very outset, has invited the attention of the Bench to the additional ground of appeal raised by the assessee challenging the validity of the notice issued by the Jurisdictional Assessing Officer [in short "JAO"], u/sec.148 of the Act dated 01.04.2022. When the Bench asked a specific question whether this issue has been raised by the assessee in the grounds of appeal before the learned CIT(A), the learned Authorised Representative of the Assessee has fairly submitted that the assessee has not raised this ground before the learned CIT(A), however, being a legal ground which goes to the root of the matter be admitted as additional ground.



The learned Authorised Representative of the Assessee has submitted that the additional ground of appeal may be treated as additional ground under Rule 11 of ITAT Rules, 1963. The learned Authorised Representative of the Assessee further submitted that notice issued by the JAO u/sec.148 of the Act dated 01.04.2022 is not valid and consequently, the re-assessment order on the ground that the procedure as per the National Faceless Assessment Scheme has not been followed and, therefore, the same is bad in law and liable to be set-aside. In support of his contention, the learned Authorised Representative of the Assessee has submitted that an identical issue has been decided by the Coordinate Bench of ITAT, Hyderabad Tribunal in favour of the assessee in the case of **Vijay Kumar Kamdar, Adilabad vs., ITO, Ward-1, Adilabad in ITA.No.618/Hyd./2025** for the assessment year 2016-2017 vide order dated 08.10.2025 and relied on the order of the Tribunal.

8. On the other hand, the learned DR has strongly opposed for admission of additional ground of appeal raised by the assessee and relied upon the Orders of the authorities

below. He submitted that the issue is pending adjudication before the Hon'ble Supreme Court in the case of Hexaware Technology Ltd., in the SLP filed by the Department against the Judgment of Hon'ble High Court of Bombay and, therefore, the same may be kept in abeyance till the outcome of the SLP filed by the Department before the Hon'ble Supreme Court.

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

10. We have heard the learned Authorised Representative of the Assessee as well as the learned DR and considered the relevant material on record. At the outset, we note that the ITO, Ward-1, Kurnool has issued notice u/sec.148A(b) on 18.03.2022 and passed Order u/sec.148A(d) as well as notice u/sec.148 of the Act, both dated 01.04.2022 as under:

 GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE INCOME TAX OFFICER WARD 1,KURNOOL			
	To, VASUKI KATAKAM 12/101 OPP VIJAYA HOSPITA NANDIKOTKUR , K G ROAD NANDIKOTKUR KURNOOL 518401 , Andhra Pradesh India		
PAN: DPTPK6562N	A.Y: 2015-16	Dated: 18/03/2022	DIN & Notice No: ITBA/AST/F/148A(SCN)/2021- 22/1041007644(1)
<u>Notice under clause(b) of section 148A of the Income-tax Act,1961</u>			
<p>Sir/Madam/M/s</p> <p>Whereas I have information which suggests that income chargeable to tax for the Assessment Year 2015-16 has escaped assessment within the meaning of section 147 of the Income-tax Act, 1961. The details of the information and enquiry, if conducted, are enclosed with this notice in Annexure A.</p> <p>2.You are required to show-cause as to why, in view of the details contained in Annexure A, a notice section 148 of the Income tax Act, 1961 should not be issued.</p> <p>3.You may, to the extent technologically feasible, submit your response with supporting documents (if any) on the above mentioned issues electronically in 'e-proceeding' facility through your account in e-filing portal at your convenience on or before 25/03/2022.</p> <p>4.This notice is being issued after obtaining the prior approval of the PCCIT, AP & TELANGANA accorded on date 17/03/2022 vide Reference No. 100000029387098.</p>			
SREEDHAR RAO NANDAVARAM WARD 1,KURNOOL			



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE INCOME TAX OFFICER
WARD 1, KURNOOL

To, VASUKI KATAKAM 12/101 OPP VIJAYA HOSPITA NANDIKOTKUR , K G ROAD NANDIKOTKUR KURNOOL 518401 , Andhra Pradesh India			
PAN: DPTPK6562N	A.Y: 2015-16	Dated: 01/04/2022	DIN & Notice No: ITBA/AST/F/148A/2022-23/1042426513(1)
Name of the assessee	VASUKI KATAKAM		
Address of the assessee	12/101 OPP VIJAYA HOSPITA NANDIKOTKUR , K G ROAD NANDIKOTKUR KURNOOL 518401 , Andhra Pradesh India		
Resident/ Not Ordinarily Resident/ Non-Resident			
Date of order	01/04/2022		
Specified authority approval	Name PCCIT, AP & TELANGANA Reference No. 100000029387098 Date 01/04/2022		

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

In case of the assessee, specific information was flagged as per Risk Management Strategy formulated by the CBDT through Insight Portal under the head 'NMS cases'. As per the information received, **SMT. VASUKI KATAKAM** (PAN: **DPTPK6562N**) has carried out following transactions during the financial year 2014-15, relevant to the assessment year 2015-16:

1. The assessee has made cash deposits and time deposit in following banks –

S.No.	Information Description	Source	Amount (Rs)
1	Time deposit with a banking company	Central Bank of India, Nandikotkur.	19,00,000/-
2	Deposit in cash with a banking company	Central Bank of India, Nandikotkur.	18,46,200/-
3	Deposit in cash with a banking company	ING Vysya Bank Ltd., Kurnool	19,25,000/-
4	Deposit in cash in a saving bank company	Central Bank of India	18,46,200/-
		Total	75,17,400/-

2. As per the provisions of Explanation 1 (i) of section 148, the above stated information flagged in accordance with the risk management strategy formulated by the Board in the case of the assessee for the relevant assessment year represents information available with the Assessing Officer which suggests that income chargeable to tax has escaped assessment.

3. Section 149(1)(b) of the IT Act, 1961 is reproduced as under:

'No notice under section 148 shall be issued for the relevant assessment year,-

(b) if three years, but not more than ten years, have elapsed from the end of the relevant assessment year unless the Assessing Officer has in his possession books of accounts or other documents or evidence which reveal that the income chargeable to tax, represented in the form of asset, which has escaped assessment amounts to or is likely to amount

to fifty lakh rupees or more for that year:

Explanation:-For the purposes of clause (b) of this sub-section, "asset" shall include immovable property, being land or building or both, shares and securities, loans and advances, deposits in bank account

4. It is pertinent to mention here that the cash deposits and time deposit made by the assessee in bank accounts fall under the scope of "assets" within the meaning of Explanation to section 149(1) of the Income Tax Act, 1961. Further, the value of said assets amounts to more than fifty lakh rupees. It is further noticed that the assessee has not filed her return of income for AY 2015-16. In absence of filing of return of income, the source of cash deposits and time deposit in bank accounts remains unexplained and consequently, the income in relation to the same has escaped assessment. Accordingly, it is required to be considered that the above information available with the Assessing Officer reveals that the income chargeable to tax represented in the form of asset which has escaped assessment amounts to more than fifty lakh rupees. Thus, the conditions laid down in Section 149(1)(b) of the IT Act, 1961 are found to be satisfied in the case of the assessee for year under consideration, based on information available with the Assessing Officer.

5. As the information available with the Assessing Officer which suggests that income chargeable to tax for the A.Y.2015-16 has escaped assessment, an opportunity of being heard as per the provisions of section 148A(b) of the Income Tax Act, 1961 was provided to the assessee by issuing a show-cause notice with the prior approval of the competent authority vide DIN ITBA/AST/F/148A(SCN)/2021-22/1041007644(1) dated 18.03.2022, wherein the assessee was requested to show-cause as to why a notice u/s.148 of the Income Tax Act, 1961 should not be issued on the basis of the said information. The


show cause notice was served by speed.post on 21-03-2022.

6. As per the show-cause notice, the assessee was required to furnish reply on or before 25.03.2022. However, no reply has been furnished by the assessee to the show-cause notice. In the absence of any response from the assessee, it is considered that the assessee has no explanation to offer and has no objection to the proposed issue of notice u/s 148.

7. Having regard to the information available which suggests that income chargeable to tax represented in the form of asset which is likely to amount to Rs.50 lakhs or more for the A.Y. 2015-16 has escaped assessment and on the basis of material available on record as discussed in the preceding paragraphs, it is concluded that the case of **SMT. VASUKI KATAKAM (PAN: DTPK6562N)** is a fit case for issuance of notice u/s 148 of the Act for the A.Y. 2015-16.

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


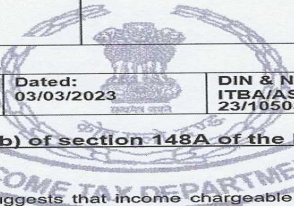
SREEDHAR RAO NANDAVARAM
WARD 1, KURNOOL

		GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE INCOME TAX OFFICER WARD 1,KURNOOL	
<p>To, VASUKI KATAKAM 12/101 OPP VIJAYA HOSPITA NANDIKOTKUR , K G ROAD NANDIKOTKUR KURNOOL 518401 , Andhra Pradesh India</p>			
PAN: DTPPK6562N	A.Y: 2015-16	Dated: 01/04/2022	DIN & Notice No: ITBA/AST/S/148_1/2022- 23/1042426704(1)
<u>Notice under section 148 of the Income-tax Act,1961</u>			
<p>Sir/Madam/ M/s.</p>			
<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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/2022-23/1042426513(1) dated 01/04/2022 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 01/04/2022 vide Reference No. 10000029387098. 			
<p>SREEDHAR RAO NANDAVARAM WARD 1,KURNOOL</p>			
<p><small>(In case the document is digitally signed please refer Digital Signature at the bottom of the page)</small></p>			

11. Thus, it is clear that the notice issued u/sec.148A(b), Order u/sec.148A(d) and notice u/sec.148 for reopening of the assessment were issued by the Jurisdictional Assessing Officer, without following the procedure as per the National Faceless Assessment Scheme prescribed u/sec.144B read with Section 151A of the Act. An identical issue has been considered by this Bench of

Hyderabad Tribunal in the case of Vijay Kumar Kamdar, Adilabad vs., ITO, Ward-1, Adilabad (supra) in Para Nos.7 to 9 as under :

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

 GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE INCOME TAX OFFICER WARD 1,ADILABAD/			
To: VIJAY KUMAR KAMDAR O PROP: VIJAY OIL INDUSTRIES , ADILABAD ADILABAD 504001 , Telangana India			
PAN: AJMPK2305D	A.Y: 2016-17		
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 09/03/2023 electronically at www.incometax.gov.in .			
DURGAM PARTHASARATHI WARD 1,ADILABAD/			

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



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE INCOME TAX OFFICER
WARD 1,ADILABAD/

To, VIJAY KUMAR KAMDAR 0 PROP: VIJAY OIL INDUSTRIES , ADILABAD ADILABAD 504001 , Telangana India	
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PAN: AJMPK2305D	A.Y: 2016-17	Dated: 23/03/2023	DIN & Notice No: ITBA/AST/F/148A/2022-23/1051160628(1)
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Name of the assessee	VIJAY KUMAR KAMDAR
Address of the assessee	0 PROP: VIJAY OIL INDUSTRIES , ADILABAD ADILABAD 504001 , Telangana India
Email of the assessee	vinayakaginning@gmail.com
Resident/ Not Ordinarily Resident/ Non-Resident	Resident
Date of order	23/03/2023
Name and Designation of Specified Authority	ATUL PRANAY PCCIT, AP & TELANGANA
Specified Authority approval date	22/03/2023

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

In the case of VIJAY KUMAR KAMDAR (PAN AJMPK2305D) information is received in this office in INSIGHT Portal under High Risk CRIU/VRU - PAN Cases under Verification Module for the F.Y.2015-16 relevant to the A.Y.2016-17. The information received in the case is as under:-

Related Person Detail

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

Packet Details

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

Information Details

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

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

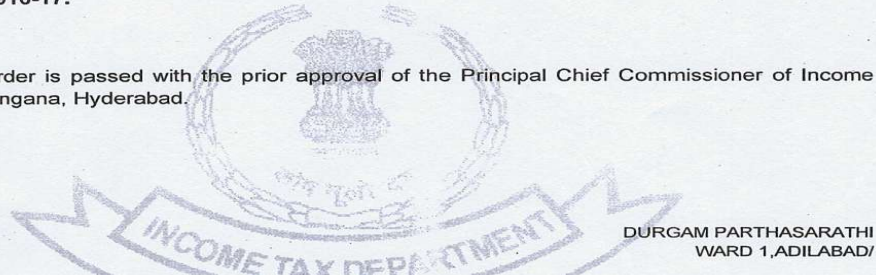
3. It is seen that in spite of entering into the above high value transaction(s) i.e. credits in the bank account during the F.Y.2015-16, the assessee did not disclose the cash credits in the return of income filed for A.Y.2016-17. Therefore for providing an opportunity of being heard as per provision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

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


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

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

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



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

 GOVERNMENT OF INDIA MINISTRY OF FINANCE INCOME TAX DEPARTMENT OFFICE OF THE INCOME TAX OFFICER WARD 1,ADILABAD/			
To, VIJAY KUMAR KAMDAR 4-2-391 SARI RANI SATIJI COL , GANDHI CHOWK ADILABAD , Andhra Pradesh India			
PAN: AJMPK2305D	A.Y: 2016-17	Dated: 23/03/2023	DIN & Notice No: ITBA/AST/S/148 1/2022- 23/1051160793(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 <ul style="list-style-type: none"> 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/2022-23/1051160628(1) dated 23/03/2023 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 .			
DURGAM PARTHASARATHI WARD 1,ADILABAD/			


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

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

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

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

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

 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: AQBPK7356C	A.Y: 2016-17	Dated: 30/03/2023	DIN & Notice No: ITBA/AST/S/148 1/2022- 23/1051671241(T)
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. <ul style="list-style-type: none"> • 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 immediate preceding assessment year i.e. 2015-16 vide judgement dated 24.04.2025 in W.P.No.344 of 2025 and has recorded the issue involved in the said petition in para 4 of the said judgement as under :

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

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

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

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

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

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

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

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

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

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

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

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

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

... ..

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Order pronounced in the open Court on 28.01.2026.

Sd/-
[MANJUNATHA G.]
ACCOUNTANT MEMBER

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Hyderabad, Dated 28th January 2026.

VBP

Copy to :

1.	Kum. Vasuki Katakam, 12/101, Opp Vijaya Hospital, NANDIKOTKUR – 518 401. Kurnool Dist. Andhra Pradesh.
2.	The Income Tax Officer, Ward-1, Income Tax Office, Opp. Childrens Park, NR Pet, KURNOOL – 518 001.
3.	The Pr. CIT, Kurnool.
4.	The DR, ITAT, “SMC” Bench, Hyderabad.
5.	Guard file.

BY ORDER

//True copy//