

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं सुश्री पद्मावती एस, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
MS PADMAVATHY S, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: 3188/CHNY/2025
निर्धारण वर्ष/Assessment Year: 2015-16

Ms. Thirumoorthy Revathy,
Door No.2/10, Kumaran Nagar,
Nithin Nivas,
V K Road,
Cheranma Nagar Post,
Coimbatore – 641 035.

The Income Tax Officer,
Vs. Non-Corporate Ward 4(4),
Coimbatore

PAN: AJJPR 2483G

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri N. Arjun Raj, Advocate
प्रत्यर्थी की ओर से/Respondent by : Ms. R. Kavitha, Addl.CIT

सुनवाई की तारीख/Date of Hearing : 22.01.2026
घोषणा की तारीख/Date of Pronouncement : 27.01.2026

आदेश/ ORDER

PER GEORGE GEORGE K, VICE PRESIDENT:

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, dated 26.09.2025 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Year is 2015-16.

2. Brief facts of the case are as follows: The assessee is an individual who did not file her return of income for the assessment year 2015-16. The AO was in possession that assessee had made cash deposits of Rs.29,30,000/- in bank and also made fixed deposits of Rs.61,00,000/-. Hence, AO after getting approval from the competent authority issued notice u/s.148 of the Act on 01.04.2022. In response to notice issued, assessee filed her return of income on 30.04.2022 declaring income of Rs.3,66,190/-. The said return filed by the assessee is stated to be not validated. During the course of assessment proceedings, assessee submitted she had received cash from her brother-in-law for the purpose of heart operation. The AO made enquiries u/s.133(6) of the Act from assessee's brother-in-law, who denied having made such payments to the assessee. Hence, the AO added the sum of Rs.29,30,000/- as unexplained money u/s.69A of the Act along with the amount disclosed of Rs.3,66,190/- declared by the assessee in the invalid return.

3. Aggrieved by the assessment completed, assessee filed appeal before the First Appellate Authority (FAA). Before the FAA, assessee took the contention that the assessment order is barred by limitation since the notice has been issued u/s.148 of the Act

beyond the period of six years i.e., on 01.04.2022. Further, it was submitted that the addition made is only Rs.29,30,000/- hence, the time limit for issuance of notice u/s.148 of the Act is only four years and not six years (which expired on 31.03.2020). Therefore, it was submitted that notice is time barred for this reason also. On merits also, the assessee raised contention. However, both the legal grounds and grounds raised on merits were rejected by the FAA.

4. Aggrieved by the order of the FAA, assessee has filed the present appeal before the Tribunal. The assessee has filed a paper-book enclosing therein the show-cause notice issued u/s.148A(d) of the Act, order passed u/s.148A(d) of the Act, notice issued u/s.148 of the Act and the case laws relied on. The Ld.AR by relying on ground no.2, contended that notice issued u/s.148 of the Act is barred by limitation. It was submitted that the notice u/s.148 of the Act was issued on 01.04.2022, which is beyond six years from the end of the relevant assessment year namely 2015-16. The Ld.AR submitted if the legal contention is held in favour of assessee, grounds raised on merits may be left open. Therefore, we shall first adjudicate the legal contention whether the notice issued u/s.148 of the Act on 01.04.2022 is

barred by limitation. The contention of the Ld.AR as regards the legal issue is concerned is that the time limit for issue of notice under section 148 of the Act i.e. six years from the end of the relevant AY expired on 31.03.2022 and therefore the notice issued in assessee's case on 01.04.2022 is time barred and invalid. The Ld AR further submitted that the assessee's case is covered under the first proviso to section 149(1) of the Act. It was submitted that the that the Hon'ble Supreme Court in the case of UOI vs Rajiv Bansal, reported in 469 ITR 430 (SC) has clearly held that notice for the year 2015-16 cannot be issued beyond the period of six years.

5. The Ld. DR on the other hand submitted that in assessee's case the AO issued notice under section 148A(b) on 22.03.2022 and after enquiry passed the order under section 148A(d) on 31.03.2022. The Ld. DR further argued that as per the 3rd proviso to section 149 of the Act for the purpose of computing the period of limitation the time or the extended time allowed to the assessee as per the showcause notice issued under section 148A(b) or the period during which the proceeding under section 148A is stayed by an order or injunction of any Court shall be excluded. The Ld. DR also submitted that as per the 4th proviso to section 149(1) if

the additional time during which the proceedings were stayed is less than seven days, the AO gets the extended period for issue of notice by seven days. Therefore the Id. DR submitted that in assessee's case the extended time would apply whereby the AO would get time till 07.04.2022 for issuing notice under section 148 of the Act. In the instant case, since the notice was issued on 01.04.2022, the Ld.DR submitted that the same is not barred by period of limitation.

6. We heard the rival submissions and perused the material on record. In order to find out whether the notice under section 148 is time barred or not, we need to first examine the relevant provisions of the Act and the legal position as per judicial precedence. Section 149(1) of the Act contain the provisions with regard to the time limit for issue of notice under section 148 of the Act. Notice has to judged according to the law existing on the date of notice issued. The relevant provisions applicable when the notice u/s.148 of the Act was issued reads as under (as on 01.04.2022):-

149 - Time limit for notice.

(1) No notice under section 148 shall be issued for the relevant assessment year,—

(a) if three years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b);

(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 account or other documents or evidence which reveal that the income chargeable to tax, represented in the form of—

- (i) an asset;*
- (ii) expenditure in respect of a transaction or in relation to an event or occasion; or*
- (iii) an entry or entries in the books of account, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more:*

Provided that no notice under section 148 shall be issued at any time in a case for the relevant assessment year beginning on or before 1st day of April, 2021, if a notice under section 148 or section 153A or section 153C could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section or section 153A or section 153C, as the case may be], as they stood immediately before the commencement of the Finance Act, 2021

Provided further that the provisions of this sub-section shall not apply in a case, where a notice under section 153A, or section 153C read with section 153A, is required to be issued in relation to a search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, on or before the 31st day of March, 2021:

Provided also that for the purposes of computing the period of limitation as per this section, the time or extended time allowed to the assessee, as per show-cause notice issued under clause (b) of section 148A or the period during which the proceeding under section 148A is stayed by an order or injunction of any court, shall be excluded:

Provided also that where immediately after the exclusion of the period referred to in the immediately preceding proviso, the period of limitation available to the Assessing Officer for passing an order under clause (d) of section 148A is less than seven days, such remaining period shall be extended to seven days and the period of limitation under this sub-section shall be deemed to be extended accordingly.

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.

(2) The provisions of sub-section (1) as to the issue of notice shall be subject to the provisions of section 151

7. The time limits for issue of notice under section 148 of the Act were amended as above w.e.f. 01.04.2021. Prior to the amendment the relevant provisions of section 149(1) of the Act read as under –

149 - Time limit for notice.

(1) No notice under section 148 shall be issued for the relevant assessment year,—

(a) if four years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b) or clause (c);

(b) if four years, but not more than six years, have elapsed from the end of the relevant assessment year unless the income chargeable to tax which has escaped assessment amounts to or is likely to amount to one lakh rupees or more for that year;

*(c) *****

Explanation.—In determining income chargeable to tax which has escaped assessment for the purposes of this sub-section, the provisions of Explanation 2 of section 147 shall apply as they apply for the purposes of that section.

*(2) & (3) *****

8. The time limit for issue of notice under section 148 of the Act was revised with effect from 01.04.2021 and the legislature in order to make the amendment prospective introduced the first proviso to section 149(1). The intent of the first proviso is that the

revenue does not get the extended time of ten years where the notices were not issued within a period of six years for AYs prior to 2021-22. The said legislative intent has been clearly explained by the Hon'ble Supreme Court in the case of Rajiv Bansal (supra).

The relevant observations of the Apex Court is extracted below

“– 46. The ingredients of the proviso could be broken down for analysis as follows: (i) no notice under section 148 of the new regime can be issued at any time for an assessment year beginning on or before 1 April 2021; (ii) if it is barred at the time when the notice is sought to be issued because of the "time limits specified under the provisions of" 149(1)(b) of the old regime. Thus, a notice could be issued under section 148 of the new regime for assessment year 2021-2022 and before only if the time limit for issuance of such notice continued to exist under section 149(1)(b) of the old regime.

*47. *****

48. Notices have to be judged according to the law existing on the date the notice is issued. Section 149 of the old regime primarily provided two time limits: (i) four years for all situations and (ii) beyond four years and within six years if the income chargeable to tax which escaped assessment amounted to Rupees one lakh or more. After 1 April 2021, the time limits prescribed under the new regime came into force. The ordinary time limit of four years was reduced to three years. Therefore, in all situations, reassessment notices could be issued under the new regime if not more than three years have elapsed from the end of the relevant assessment year. For example, for assessment year 2018-2019, the four year period would have expired on 31 March 2023 under the old regime. However, if the notice is issued after 1 April 2021, the three year time limit prescribed under the new regime will be applicable. The three year time limit will expire on 31 March 2022.

49. The first proviso to Section 149(1)(b) requires the determination of whether the time limit prescribed under section 149(1)(b) of the old regime continues to exist for the assessment year 2021-2022 and before. Resultantly, a notice under Section 148 of the new regime cannot be issued if the period of six years from the end of the relevant assessment year has expired at the time of issuance of the notice. This also ensures

that the new time limit of ten years prescribed under section 149(1)(b) of the new regime applies prospectively. For example, for the assessment year 2012-2013, the ten year period would have expired on 31 March 2023, while the six year period expired on 31 March 2019. Without the proviso to Section 149(1)(b) of the new regime, the Revenue could have had the power to reopen assessments for the year 2012-2013 if the escaped assessment amounted to Rupees fifty lakhs or more. The proviso limits the retrospective operation of Section 149(1)(b) to protect the interests of the assesses.

*50. to 52. ****

53. The position of law which can be derived based on the above discussion may be summarized thus: (i) Section 149(1) of the new regime is not prospective. It also applies to past assessment years; (ii) The time limit of four years is now reduced to three years for all situations. The Revenue can issue notices under section 148 of the new regime only if three years or less have elapsed from the end of the relevant assessment year; (iii) the proviso to Section 149(1)(b) of the new regime stipulates that the Revenue can issue reassessment notices for past assessment years only if the time limit survives according to Section 149(1)(b) of the old regime, that is, six years from the end of the relevant assessment year; and (iv) all notices issued invoking the time limit under section 149(1)(b) of the old regime will have to be dropped if the income chargeable to tax which has escaped assessment is less than Rupees fifty lakhs.”

9. From the perusal of the legislative intent of the first proviso to section 149(1) of the Act and interpretation given by the Hon'ble Supreme Court it is clear that Revenue cannot issue notice under section 148 for assessment years prior to AY 2021-22 if six years from the end of the relevant assessment year has expired on the date of issue of such notice. In the light of the above legal position we will now examine the facts in present case. The year under consideration here is AY 2015-16. For assessment year

2015-16, the time limit as per the old regime, for issue of notice for AY 2015-16 under section 148 of the Act is six years from the end of the relevant assessment year. i.e. 31.03.2022. Accordingly, the notice dated 01.04.2022 issued u/s.148 of the Act in assessee's case is beyond the time limit and not valid.

10. The argument of the Ld.DR is that the time allowed to the assessee to respond to the notice issued under section 148A(b) i.e., from 22.03.2022 to 29.03.2022 should be excluded as per the third proviso to section 149(1). We are of the considered view, for the purpose applying the exclusion period, the notice should first survive the test of being issued either under section 149(1)(a) or 149(1)(b) under the new regime. In the given case the notice under section 148 of the Act for AY 2015-16 does not survive the test by virtue of the first proviso and therefore the question of applying the third proviso for calculating the time limit does not arise. In this regard, the Hon'ble Jurisdictional High Court in the case of Sridhar Lokesh vs. ITO in WP No.16526 of 2022 (judgment dated 28.11.2024) was considering the following prayer:-

Writ Petition filed under Article 226 of the Constitution of India, to issue a writ of certiorari to call for the records on the file of the Respondent and quash the impugned order under Section 148A(d) of the Act in PAN:ADDPL2229A dated 04.04.2022 in DIN & Notice No.ITBA/AST/F/148A/2022-23/1042464779(1) for the AY 2015~16

along with the impugned notice no.1 issued under Section 148A(b) of the Act in PAN:ADDPL2229A dated 23.03.2022 in DIN & Notice No.ITBA/AST/F/148A(SCN)/2021-22/1041356299(1) for the AY 2015-16 and the impugned notice No.2 under Section 148 of the Act in PAN:ADDPL2229A dated 04.04.2022 in DIN & Notice No.ITBA/AST/S/148_1/2022-23/1042466733(1) for the AY 2015-16.

11. In disposing off the above prayer, the Hon'ble Jurisdictional High Court held as follows:-

“2.The issue, as on date is covered by a decision of the Division Bench of the Bombay High Court in Hexaware Technologies Ltd. Vs. Assistant Commissioner of Income Tax [(2024) 162 taxmann.com 225 (Bombay)]. In paras 29 and 30, the Court has examined the issue in the light of the 1st and 3rd proviso to Section 149 of the Income Tax Act, 1961 as in force with effect from 01.04.2021. The 3rd proviso to Section 149 (1) is now the 5th proviso to Section 149 (1) with effect from 01.04.2023.

3. Although, the submissions made by the learned counsel for the respondents appears to be more attractive, I am bound by the decision of the Division Bench of the Bombay High Court in the above case, which had followed an earlier decision rendered in Godrej Industries Vs. The Assistant Commissioner of Income Tax and Ors. rendered on 28.02.2024.”

12. In light of the aforesaid discussion and relying on the judicial pronouncements cited supra, we hold that the notice issued u/s.148 of the Act dated 01.04.2022 is barred by limitation. Consequently, the reassessment proceedings based on an invalid notice is quashed and addition made therein is deleted. Since, we have adjudicated the legal ground, the grounds raised on merits is not adjudicated and is left open. It is ordered accordingly.

13. In the result, the appeal filed by the assessee is partly-allowed.

Order pronounced in the open court on 27th January, 2026 at Chennai.

Sd/-

(पद्मावती एस)

(PADMAVATHY S)

लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 27th January, 2026

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Coimbatore
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.