

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "B" Bench, Hyderabad

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आयकर अपील सं./I.T.A.No.917/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2020-21)

Rajasekhar Naidu Galla, Tirupati PAN : AFZPG9839B (अपीलार्थी/ Appellant)	Vs.	The Deputy Commissioner of Income Tax, Circle – 1(1), Tirupathi. (प्रत्यर्थी/ Respondent)
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri Tharish, C.A.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Shri K. Vinoth Kannan, Sr. A.R.
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	07.01.2026
घोषणा की तारीख/ Date of Pronouncement	:	28.01.2026

ORDER

PER MANJUNATHA G., A.M :

This appeal filed by the assessee is directed against the order of the learned Principal Commissioner of Income Tax, Tirupati, dated 28.03.2025, passed under Section 263 of Income Tax Act,

1961 (for short "the Act") and pertains to the assessment year 2020-21.

2. The grounds raised by the assessee read as under :

"1. The Learned Principal Commissioner of income-tax, Tirupati, (referred to as "Ld. Pr. CTT") erred both in law and on facts in invoking the provisions of Section 263 of the Income-tax Act, 1961, to revise the assessment order passed under Section 143(3) r.w.s. 144B of the Act

2. The order of the Ld. PCTT, erred in passing the Order under Section 263 of the Act treating the completion of assessment proceedings under Section 143(3) of the Act by the Assessing Officer as erroneous and prejudicial to the interest of revenue

3. In law and in the facts and circumstances of the appellant's case, the impugned order passed by the Ld. Pr. CIT under Section 263 of the Act, is void and deserved to be cancelled, inter alia, for the reason that it has been passed without jurisdiction as the assessment proceedings under Section 143(3) of the Act which is sought to be revised was neither erroneous nor prejudicial to the interest of the revenue.

4. The Ld. Pr. CIT ought to have appreciated, inter alia, that the Assessing Officer has considered the facts of the appellant's case and completed the assessment proceedings under Section 143(3) of the Act, which is proper and just and the appellant has furnished explanations, evidence, and supporting documents called for by the assessing officer, based on which the assessment was completed, accepting the income returned.

5. The Ld. Pr. CIT ought to have considered that the amount of Rs 4.30 00,000ma c received by the appellant on account of relinquishment of rights over the property which were acquired vide Sale Agreement dated 30.08.2012.

6. The Ld. Pr. CIT erred in stating that the assessee did not receive any right on the property ignoring that the seller has stipulated in the Memorandum of Understanding (MOU) dated 23.02.2020 that the appellant shall not claim any right in the property upon execution of the said MOU.

7. *The Ld. Pr. CIT erred in holding that the Sale Agreement dated 30.08.2012, being unregistered, does not confer any rights upon the appellant, while failing to appreciate that the said agreement created an enforceable contractual right in favour of the appellant to purchase the land, which was subsequently relinquished through the MOU dated 23.02.2020.*

8. *The Ld. Pr. CIT erred on facts in stating that the MOU does not mention any right of the assessee in the property, while ignoring Clause 4 of the said MOU, wherein the Vendor has expressly stipulated that the appellant shall not claim any right in the property, thereby acknowledging the existence of a prior right of the appellant which is being contractually waived in the MOU.*

9. *The Ld. Pr. CIT erred in disregarding the judicial precedents cited by the appellant by merely distinguishing them on factual grounds, without duly considering the legal principles and analogies laid down therein, which are squarely applicable to the appellant's case.*

10. *The Ld. Pr. CIT erred in failing to appreciate that during the assessment proceedings, the Assessing Officer, in consonance with the notice issued under Section 143(2) of the Act, had duly examined the reasons for the refund claim made by the appellant. Therefore, the assessment cannot be held to be erroneous or prejudicial to the interests of the Revenue.*

11. *The Ld. Pr. CIT erred in holding that the admission of gain/loss on shares and securities under the head 'Income from Other Sources renders the assessment order erroneous and prejudicial to the interests of the Revenue, whereas such a treatment, even if assumed to be debatable, does not satisfy the essential precondition for invoking the provisions of Section 263 of the Act.*

12. *The reference made by the Ld. Pr. CIT to an assessment order purportedly passed under Section 143(3) of the Act on 17.08.2022 is factually incorrect, as no such order is available on the Income Tax Portal bearing that date. The assessment order in question is digitally signed on 24.08.2022 and is reflected on the portal as dated 22.08.2022, thereby rendering the reference to the order dated 17.08.2022 non-existent and erroneous.*

13. *The Appellant craves leave to add, to amend or alter the above grounds of appeal as may be deemed necessary.*

14. The Order of the Learned Principal Commissioner of Income-tax, Tirupati, in respect of the above matters maybe set aside and pass such orders as the Hon'ble Members of the Bench, may deem fit on proper appreciation of the facts and circumstances of the case.”

3. The brief facts of the case are that, the assessee is an individual deriving salary income, rental income and income from other sources, filed his return of income for A.Y. 2020-21 on 10.01.2021, declaring a total income of Rs. 29,31,680/-. The case was selected for scrutiny and assessment has been completed under Section 143(3) r.w.s. 144B of the Income-tax Act, 1961 on 17.08.2022 and accepted the income returned by the assessee. The case has been, subsequently taken up for revision proceedings by the Principal CIT, Tirupati and a show-cause notice under Section 263 of the Income-tax Act, 1961, dated 14.03.2025 was issued, calling upon the assessee to explain as to why the assessment shall not be revised. In the said show-cause notice, the learned PCIT was of the opinion that, the assessment order passed by the A.O. is erroneous insofar as it is prejudicial to the interest of the revenue because, the A.O. has passed the assessment order without carrying out required enquiries which he ought to have carried out on the issue of income earned by the

assessee and declared under the head capital gains by virtue of Memorandum of Understanding (for short "MOU") dated 23.02.2020, which rendered the assessment order erroneous insofar as it is prejudicial to the interest of the revenue. The learned PCIT further observed that, the assessee has claimed indexed cost of acquisition of Rs. 4,33,50,000/- against the sale consideration of Rs. 4,30,00,000/- and declared a long-term capital loss of Rs. 3,50,000/-. The assessee neither furnished the sale agreement dated 30.08.2012 in support of cost of acquisition for Rs. 3,00,00,000/-, nor furnished the sale deed dated 23.02.2020 for receipt of Rs. 4,30,00,000/-. Although the A.O. has called for the documentary evidence in support of the sale consideration and cost of acquisition claimed by the assessee and completed the assessment, however, in the absence of documentary evidence in support of the date of the purchase of the property, it cannot be ascertained that, the property sold by the assessee was long-term capital asset or not. Since the assessee has failed to furnish documentary evidence in support of his claim of indexed cost of acquisition, the A.O. ought to have disallowed the cost of acquisition for Rs. 4,33,50,000/- and

treated the sale consideration of Rs. 4,30,00,000/- as a short-term capital gain. Further, the assessee had purchased securities worth Rs. 49,10,027/- and sold securities for a sale consideration of Rs. 12,17,454/- and admitted income from other sources to the tune of Rs. 45,271/-. The A.O. ought to have assessed this income under the head 'income from business or profession' or 'capital gain/loss', These discrepancies indicate that, the assessment has been completed without proper verification. Therefore, called upon the assessee to file its objections, if any, for the proposed revision of the assessment order.

4. In response to the show-cause notice, the assessee, vide letter dated 24.03.2025, submitted that, he had declared a long-term capital loss of Rs. 3,50,000/- from transfer of right in property by way of memorandum of understanding dated 23.02.2020 and that, the said transfer of right in property was acquired by the assessee by way of agreement to sell dated 30.08.2012, whereby the assessee had entered into agreement with M/s. Dalmia Resorts International Pvt. Ltd. for purchase of the property and also paid advance consideration of Rs. 3,00,00,000/- through proper banking channel. Further, the above agreement to sell/

purchase has been cancelled by way of memorandum of understanding dated 23.02.2020 and as per the said MOU, the assessee has relinquished or extinguished his right to purchase the property for which, M/s. Dalmia Resorts International Pvt. Ltd. had paid sum of Rs. 4,30,00,000/-. Since the right in property to be purchased by the assessee is a capital asset, the assessee has rightly computed capital loss from transfer of property. The assessee has also explained income declared under the head income from other sources towards purchase and sale of shares and claimed that, the assessee has not engaged in the activity of investing or trading in shares and securities and because, he earned some profits from one solitary transaction from purchase and sales, and the same has been treated as income from other sources. Further, whether the income has admitted under the head 'income from other sources or business', the rate of tax is one and there is no loss of revenue to the Department. Therefore, he submitted that, the A.O. has completed the assessment after taking note of the relevant submissions of the assessee and thus, it cannot be said that, the assessment

order passed by the A.O. is erroneous insofar as it is prejudicial to the interest of the revenue, so as to invoke revisional jurisdiction.

5. The learned PCIT, after considering the submissions of the assessee and after taking note of the facts of the case, held that, the assessment order passed by the A.O. under Section 143(3) r.w.s. 144B of the Act dated 17.08.2022 is erroneous insofar as it is prejudicial to the interest of the revenue because, the A.O. has completed the assessment without carrying out required enquiries which he ought to have carried out in light of Explanation 2(a) to Section 263 of the Income-tax Act, 1961 inserted by the Finance Act w.e.f 01.06.2015 and allowed the cost of acquisition claimed by the assessee even though the assessee has not justified the cost of acquisition with relevant details. The learned PCIT further observed that, as per the Memorandum of Understanding between the assessee and M/s. Dalmia Resorts International Pvt. Ltd., the parties have settled the dispute and the civil suit filed by the assessee for which M/s. Dalmia Resorts International Pvt. Ltd. has paid a sum of Rs. 4.30 crores as full and final settlement of the civil suit, but not for relinquishing its rights in the capital asset. The amount was to be paid before the IVth Additional

District Judge, Tirupati. In view of this payment, the assessee has withdrawn the suit in O.S. No. 185 of 2015. Nowhere in the Memorandum of Understanding, the right of the assessee in the demised property or relinquishment of any such rights is mentioned. This is because there was no right which the assessee gained from the agreement to sell. Therefore, when there is no right, there is no question of transfer and consequently, the gain or loss from the said transfer cannot be treated as capital gain. Therefore, by taking note of certain judicial precedents, the learned PCIT held that, the A.O. without considering the relevant facts, simply completed the assessment by accepting the explanation furnished by the assessee. The learned PCIT further noted that, insofar as the income declared under the head towards profit earned from purchase and sale of securities, although the assessee has shown the income under the head income from other sources, but the A.O. without calling for and examining the details of these transactions, has simply accepted the assessee's stand. However, during revision proceedings, the assessee in response stated that, the income has been admitted under the head 'Income from Other Sources' as against the contention of the revenue that

it should have been taxed as income from business or capital gains and that there was no revenue loss. Therefore, on this point, there is no need of revision of assessment under Section 263 of the Act. Therefore, by taking note of the facts and circumstances and also the fact that the A.O. has not carried out verification with regard to the income declared by the assessee under the head Capital Gains, has set aside the assessment order passed by the A.O. under Section 143(3) read with Section 144B of the Act dated 17.08.2022 and directed the A.O. to pass the order after verifying the issues discussed hereinabove after providing an opportunity of hearing to the assessee.

6. Aggrieved by the order of the learned PCIT, the assessee is now in appeal before the Tribunal.

7. The learned counsel for the assessee, Shri Tharish, C.A. submitted that, the learned PCIT erred in setting aside the assessment order passed by the A.O. under Section 143(3) r.w.s. 144B dated 17.08.2022 without appreciating the fact that the assessment order passed by the A.O. is neither erroneous nor prejudicial to the interest of the revenue on the issue of income

declared under the head long-term capital loss from relinquishing of rights in the property in favour of M/s. Dalmia Resorts International Pvt. Ltd. The learned counsel for the assessee further referring to the scrutiny assessment proceedings and the notice issued under Section 143(2) dated 29.06.2021 submitted that, the case has been specifically taken for scrutiny to verify the loss claimed by the assessee and in response to the specific notice, the assessee stated that, he had paid the advance tax on the basis of advice of the accountant who has advised him to pay advance tax of Rs. 10,20,000/- for the third quarter and as per the advice of the accountant, he had paid the advance tax. However, later he realized that, the consideration received in pursuance to MOU dated 23.02.2020 is assessable under the head capital gains and after considering the relevant indexed cost of acquisition, the net result of the transfer becomes capital loss and thus, the assessee has claimed refund of advance tax paid earlier. The assessee further submitted the details with regard to agreement to sell dated 30.08.2012 for purchase of property and also MOU dated 23.02.2020 for relinquishing his right in the property in light of compromise settlement between the assessee and M/s. Dalmia

Resorts International Pvt. Ltd. The A.O., after considering the relevant facts, has accepted the explanation of the assessee and completed the assessment. Therefore, it cannot be said that, the assessment order passed by the A.O. is erroneous insofar as it is prejudicial to the interest of the revenue.

8. The learned counsel for the assessee, further referring to the decision of the Hon'ble Supreme Court in the case of Malabar Industrial Company Ltd. Vs. CIT, (2000) 243 ITR 89, submitted that, in order to invoke jurisdiction under Section 263 of the Act, both conditions must co-exist, i.e., the order passed by the A.O. should be erroneous and further it should be prejudicial to the interest of the revenue. In the present case, going by the facts available on record, the assessee has rightly offered the transaction of agreement for purchase of property and subsequent cancellation of agreement by way of MOU under the head capital gains because, the assessee has acquired the right over the property by entering into an agreement for purchase and the said right has been relinquished in favour of the seller, for which the assessee has received consideration of Rs. 4,30,00,000/-. Since the assessee has paid cost of Rs. 3,00,00,000/-, the same has

been claimed after applying the benefit of indexation, which resulted in long-term capital loss of Rs. 3,50,000/-. In this regard, he relied upon the decision of the Hon'ble Bombay High Court in the case of CIT Vs. Tata Teleservices Limited, 122 ITR 592 (Bom). Therefore, he submitted that the learned PCIT erred in setting aside the order passed by the A.O. and thus, the order of the learned PCIT should be quashed.

9. The learned Sr. A.R. for the Revenue, Shri K. Vinoth Kannan, on the other hand, supporting the order of the learned PCIT, submitted that, the assessment order passed by the A.O. is erroneous insofar as it is prejudicial to the interest of the revenue, because the A.O. has not carried out the required enquiries, he ought to have carried out in light of Section 263 of the Act, which is evident from the assessment order passed by the A.O. under Section 143(3) read with Section 144B of the Act dated 17.08.2022, where the A.O. has simply accepted the explanation of the assessee even though the assessee has not furnished any details with regard to cost of acquisition. The learned PCIT, after considering the relevant facts and also taking note of the fact that the A.O. has not considered the issue in light of relevant

provisions of the Act, has rightly invoked the jurisdiction under Section 263 of the Act and set aside the assessment order. Therefore, he submitted that, the order of the learned PCIT should be upheld.

10. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. We have also carefully considered the relevant case laws referred to by the learned counsel for the assessee in support of his contention. There is no dispute with regard to the fact that the assessee had disclosed long-term capital loss of Rs. 3,50,000/- from the transaction of receipt of consideration of Rs. 4.30 crores in pursuance to MOU dated 23.02.2020 between the assessee and M/s. Dalmia Resorts International Pvt. Ltd. The assessee has considered the consideration received in pursuance to MOU for relinquishment of rights in the property and as against this, the assessee has considered indexed cost of acquisition of Rs. 4,33,50,000/- and declared long-term capital loss of Rs. 3,50,000/-. It is also an admitted fact that, the assessment was subjected to scrutiny assessment under Section 143(3) of the Act for the reason that, the assessee has claimed loss and refund of

tax paid in advance and during the course of assessment proceedings, the A.O. has issued a specific notice under Section 143(2) of the Act dated 29.06.2021, for which, the assessee has filed a detailed reply on 24.03.2025 along with relevant details and explained that, he had entered into an agreement for sale/purchase of property with M/s. Dalmia Resorts International Pvt. Ltd. and also paid advance amount of Rs. 3,00,00,000/-. Further, the above agreement for purchase of property has not been materialized due to various reasons and finally it went into litigation, and the assessee has filed a suit in O.S. No. 185 of 2015 before the IVth Additional District Judge, Tirupati for recovery of advance paid for purchase of the property. Further, the assessee and M/s. Dalmia Resorts International Pvt. Ltd. entered into a compromise settlement and accordingly the MOU dated 23.02.2020 was entered into whereby the assessee has received a sum of Rs. 4.30 crores for full and final settlement of O.S. No. 185 of 2015 towards all the liabilities under the agreement dated 30.08.2012. The assessee further explained that since the assessee has relinquished the right in the property which has been acquired by an agreement dated 30.08.2012, and upon

receipt of consideration for transfer of right in the property, the same is in the nature of capital receipt and thus, computed capital gain or loss as per the provisions of the Act. The A.O. accepted the explanation of the assessee and completed the assessment without making any addition. Therefore, it is necessary for us to consider whether the assessment order passed by the A.O. is erroneous insofar as it is prejudicial to the interest of the revenue in the light of the above facts and the reasons given by the learned PCIT in the order passed under Section 263 of the Act.

11. The learned PCIT invoked jurisdiction under Section 263 of the Act mainly on the ground that, although the assessee explained the events which led to computation of capital loss, but has not furnished relevant details, including the agreement to sell dated 30.08.2012 to prove the cost of acquisition and also the memorandum of understanding dated 23.02.2020 for receipt of sale consideration. According to the learned PCIT, since the assessee has not proved the cost of acquisition by filing the relevant agreement to sell, the A.O. ought to have assessed the consideration received by the assessee of Rs. 4.30 crores entirely

under the head income from business or profession. Since the A.O. has not assessed the issue under the head income from business or profession by carrying out necessary enquiries, the learned PCIT was of the opinion that the assessment order passed by the A.O. is erroneous insofar as it is prejudicial to the interest of the revenue.

12. We have given our thoughtful consideration to the reasons given by the learned PCIT, in the light of various arguments of the learned counsel for the assessee and we ourselves do not subscribe to the reasons given by the learned PCIT for the simple reason that, during the assessment proceedings, the A.O. has called for necessary details with regard to the large refund claimed by the assessee and the reasons for which, the assessee has explained the transactions between the assessee and M/s. Dalmia Resorts International Pvt. Ltd., and the consequent agreement to sell dated 30.08.2012 and subsequent memorandum of understanding dated 23.02.2020 by filing the relevant copies of the agreement to sell and MOU. From the agreement to sell dated 30.08.2012, the assessee entered into an agreement for purchase

of the property from M/s. Dalmia Resorts International Pvt. Ltd. for a consideration of Rs. 29,47,66,000/- and paid advance of Rs. 3,00,00,000/- on various dates. As per the agreement to sell and purchase dated 30.08.2012, upon payment of full consideration amount in the manner aforesaid, the vendor shall execute a sale deed in favour of the purchaser. From the above agreement to sell and purchase dated 30.08.2012, the assessee has acquired a right to purchase the property and in our considered view, the said right to purchase the property is in the nature of a capital asset because, once the assessee entered into an agreement for purchase of the property, he can enforce the said agreement by filing a suit for specific performance in the court, if the seller for any reason does not come forward to sell the property. Although in the present case, the property has not been ultimately purchased by the assessee because it went into litigation and finally the parties have settled the dispute by entering into MOU dated 23.02.2020, but upon perusal of the relevant MOU dated 23.02.2020, we find that, the parties have settled the dispute between them in respect of the agreement to sell dated 30.08.2012 and consequent O.S. No. 185/2015 filed before the IVth Additional

District Judge, Tirupati for recovery of money against the second party. Therefore, in our considered view, whatever way the assessee has recovered its money, the fact remains that, the amount received by the assessee in pursuance of the Memorandum of Understanding dated 23.02.2020 is for relinquishment or extinguishment of the right of the assessee in the property to be purchased as per the sale agreement dated 30.08.2012. We further note that Section 2(14) of the Act defines property of any kind to include intangible rights and contractual rights. The Hon'ble Bombay High Court in the case of CIT Vs. Tata Services Pvt. Ltd. (1980) 122 ITR 594, had an occasion to examine the right to purchase the property under an agreement to sell and held that, the said right is a capital asset falling under Section 2(14) of the Act. Once the assessee has got a right to purchase the property, then relinquishment or extinguishment of any right in the said property amounts to transfer of property of any kind referred to under Section 2(14) of the Act and thus, the consideration received by the assessee for relinquishment or extinguishment of such right is a capital asset and the same needs to be considered under the head capital gains. Although the

learned PCIT observed that, as per the MOU, the assessee has not relinquished any right over the property but only has recovered the money from the other party, but in our considered view, the said money has been paid for purchase of the property in terms of the agreement dated 30.08.2012 and therefore whatever way the money has been recovered by the assessee, including by filing a money suit and finally settling the dispute, in our considered view, the said fact does not alter the factual position inasmuch as the assessee has got a right to purchase the property by virtue of the agreement dated 30.08.2012 and upon relinquishment or extinguishment of the said right, he has transferred the right in the property. Therefore, the learned PCIT has completely erred in coming to the conclusion that, what was transferred by the assessee is not a capital asset. Therefore, we are of the considered view that, the learned PCIT erred in setting aside the assessment order on this issue, even though the assessee has rightly disclosed the income under the head capital gain/loss.

13. Coming to another aspect of the issue, admittedly the A.O. has issued notice under Section 143(2) of the Act, dated 29.06.2021 and called for specific details, for which the assessee

has furnished the details as called for by the A.O., including the relevant agreement and MOU between the parties and also computation of capital loss from transfer of right in the property. The A.O., after considering the relevant facts, has completed the assessment without making any discussion or addition on the issue. Once the A.O. has called for specific details on the issue and the assessee has submitted the relevant details, in our considered view, it is a case of proper enquiry by the A.O. on the issue in the light of the relevant provisions of the Act and therefore the reasons given by the learned PCIT that, the A.O. lacked verification which he ought to have carried out in light of Explanation 2 to Section 263 of the Act is merely on the basis of assumption and contrary to the facts available on record. In our considered view, once the assessee has discharged its onus by filing the relevant details in response to notice, the assessee does not have control over the pen of the A.O. and it is for the A.O. to pass the assessment order in a manner which is convenient to him or as per law, however, the assessee cannot dictate the A.O. to pass an assessment order in a particular manner, including consideration of the issues in the assessment order itself.

Therefore, we are of the considered view that merely for the reason that, the A.O. has not discussed the issue in the assessment order is not a reason for the learned PCIT to assume jurisdiction and set aside the assessment order. This legal principle is supported by the decision of Hon'ble Supreme Court in the case of V-Con Integrated Solutions Ltd. (supra), where it has been held that *there may be cases where the A.O. has undertaken a superficial or random investigation that may justify a remand; however, the Ld. Pr. CIT must record the specific error, failure and lapse on the part of the A.O. so as to establish both the error and the prejudice caused to the interests of the Revenue.* Further, the view taken by the assessee on the issue of computation of capital gain from the consideration received for transfer of right in the property is one of the possible views, which is supported by the decision of the Hon'ble High Court and therefore once the A.O. has taken one possible view, the learned PCIT cannot hold that, the view taken by the A.O. is incorrect unless the view taken by the A.O. is unsustainable in law, as held by the Hon'ble Supreme Court in the case of CIT Vs. Max India Pvt. Ltd., (2007) 295 ITR 282 (SC). Therefore, we are of the considered view that, on this aspect also,

the assumption of jurisdiction by the learned PCIT is incorrect and cannot be accepted.

14. In this view of the matter and considering the facts and circumstances of the case and also by following the ratios of the case-laws discussed hereinabove, we are of the considered view that, the assessment order passed by the A.O. is neither erroneous nor prejudicial to the interest of the revenue, as considered by the learned PCIT in the order passed under Section 263 of the Act, 1961. Therefore, we are of the considered view that, the learned PCIT has erred in setting aside the assessment order passed by the A.O. under Section 143(3) r.w.s. 144B of the Act in terms of Section 263 of the Act. Thus, we quash the order passed by the learned PCIT under Section 263 of the Act, 1961.

15. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the Open Court on 28th January, 2026.

Sd/- (श्री रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/ JUDICIAL MEMBER	Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ ACCOUNTANT MEMBER
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Hyderabad, dated 28.01.2026.

TYNM/sps

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Rajasekhar Naidu Galla, 6-7-630, Flat No.103, Srinidhi Homes, K.T. Road, Sripuram Colony, Tirupati.
2.	राजस्व/ Revenue	The :	The Deputy Commissioner of Income Tax, Circle – 1(1), Tirupati.
3.	The Principal Commissioner of Income Tax, Tirupati.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad