IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH, 'SMC': NEW DELHI

BEFORE SHRI C.N. PRASAD, JUDICIAL MEMBER

ITA No.8258/Del/2025
[Assessment Year: 2013-14]

Bhavika Bhuwalka **C055, IInd Floor, Preet Vihar, Delhi** **PAN No. AMNPB8209R**	**Vs.**	**ITO** **Ward-5 (1) (2)** **Noida**
Appellant		Respondent

Assessee by	Sh. Satyajeet Goel, Advocate
Revenue by	Sh. Manoj Kumar, Sr. DR.

Date of Hearing	**05.01.2026**
Date of Pronouncement	**30.01.2026**

ORDER

PER C.N. PRASAD, JM,

This appeal is filed by the assessee against the order of the Ld.Commissioner of Income Tax (Appeals)/ NFAC, Delhi vide order dated 15.10.2025 for the A.Y. 2013-14.

2. The assessee in her appeal raised following grounds :-

> *"1.1 That on the facts and circumstances of the case, the impugned order u/s 250 of the Income tax Act passed by CIT(A), NFAC is not sustainable on facts and same is bad in law.*

1.2 That the CIT(A) having failed to afford proper and reasonable opportunity of being heard, the Impugned order is in violation of principles and natural justice and thus null and void.

2.1 That on the facts and circumstances of the case, the Ld. CIT(A) was not justified in upholding the validity of notice u/s 148 of the Act even though same was issued without recording proper reasons.

2.2 That the reasons recorded being vague, factually incorrect, without application of mind and in the absence of the any case of escapement of income, the Ld. CIT(A) has erred in upholding the validity of assumption of jurisdiction u/s 147 which is illegal and bad in law.

3.1 That on the facts and circumstances of the case, the Ld. CIT(A) has erred in upholding the validity of notice u/s 148 even though same was issued without proper sanction in terms of section 151 of the Act.

3.2 That the sanction granted u/s 151 being mechanical and without application of mind, the notice u/s 148 is illegal and void-ab-initio.

4.1 That on the facts and circumstances of the case, the Ld. CIT(A) was not justified in upholding the addition of Rs. 5,40,000/- on the alleged ground of unexplained Investment u/s 69 which is beyond scope and purely based on conjectures and surmises.

4.2 That the addition made by the assessing officer being made on factually incorrect ground and non-existent fact, the Ld. CIT(A) was grossly unjustified in sustaining the addition on altogether different ground which is beyond jurisdiction and not sustainable.

4.3 That in any case, the investment of Rs. 5,40,000/- in purchase of shares being out of explained/disclosed sources of Income and in the absence of any dispute with regard to source of investment, the allegation of unexplained Income is unfounded, Irrational and highly arbitrary.

4.4 That the upholding of addition of Rs. 5,40,000/- by Ld. CIT(A) Is contrary to facts, unjustified and without merits.

5. That the appellant having fully cooperated and complied to notices issued during the course of re-assessment proceedings, the allegation of non-cooperation by the Ld. CIT(A) is factually incorrect, untrue and totally unwarranted.

6. The appellant craves leave to add, withdraw, amend and/or forego any or all of the above facts whether before or during the appellate proceedings in the interest of natural justice."

3. The Ld. Counsel for the assessee at the outset referring to ground No.3.1 and 3.2 of grounds of appeal submitted that the Ld. CIT(A) grossly erred in upholding the validity of notice u/s.148 even though the same was issued without proper sanction in terms of section 151 of the Act. The Ld. Counsel for the assessee submitted that the assessment year involved in the present case is A.Y. 2013-14 and the notice issued u/s.148 is dated 13.03.2021 which is beyond period of four years and in view of provision of section 151 of the Act the competent authority for sanctioning for reopening an assessment which is beyond a period of three years is PCIT/CIT. The Ld. Counsel for the assessee referring to page-

2 of the paper book which is the Form for recording the reasons for initiating proceedings u/s.147/148 and for obtaining the approval of PCIT submitted that the sanction was granted by the PCIT by merely appending his signature without any date and not recording any satisfaction for issue of notice u/s.148 of the Act. The Ld. Counsel for the assessee further referring to page-2 of the paper book submitted that in the case of the assessee Additional Commissioner appears to have granted permission to the AO to record reasons issued notice u/s.148 of the Act. The Ld. Counsel submitted that even this sanction even not accordance with provision of section 151 of the Act and also undated.

4. The Ld. Counsel further referring to page-5 and 6 of the paper book which is the letter written ITO, Headquarters to the Additional CIT informing that the PCIT had given approval under section 151 for issuance of notice u/s.148 of the Act, submitted that on a single day on 30.03.2021 the Ld.PCIT had sanctioned approval u/s.151 in as many as 47 cases on a single day.

5. The Ld. Counsel for the assessee placing reliance on the decision of Hon'ble Delhi High Court in the case of PCIT Vs. Pioneer Town Planners Pvt. Ltd. (2024) 465 ITR 356 submitted that the Hon'ble High Court held that when PCIT while granting approval u/s.151 of the Act simply wrote "Yes", without specifically noting his approval for issue of notice u/s.148 of the Act, such an approval could not be considered to be valid approval.

6. The Ld. Counsel for the assessee submits that in his case the Ld.PCIT did not even mention the word "Yes" while granting sanction u/s.151 of the Act. Referring to the decision of Hon'ble Delhi High Court in the case of Capital Broadways Pvt. Ltd. Vs. ITO (2024) 301 taxmann 506, the Ld. Counsel for the assessee submitted that mere repeating of the words of the statue, mere rubber stamping of the letter seeking sanction or using similar word like "Yes, I am satisfied" the requirement of law and the same cannot be considered to be valid approval as the same is not reflective of independent application of mind.

7. The Ld. Counsel for the assessee further referring to page -3 which are the reasons for reopening of assessment u/s.148 of the Act, submitted that the reason for reopening of assessment was stated to be that the assessee purchased penny stock from Global Capital Market Limited to the tune of Traded value of Rs.5,40,000/- in the Financial Year 2012-13 relevant to the A.Y. 2013-14.

8. The Ld. Counsel for the assessee referring to page-3 of the assessment order submits that an addition of Rs.5,40,000/- was made while completing the assessment u/s.144B r.w.s. 147 of the Act on account of bogus claim of LTCG/STCL u/s. 10(38) of the Act relevant to the A.Y. 2013-14. The Ld. Counsel for the assessee submitted that even according to the reasons recorded the assessee had only purchased script called Global Capital Market P. Ltd. for an amount of Rs.5,40,000/- and the assessee had never sold these shares during the F.Y. 2012-13 relevant to the A.Y.

2013-14 so as to claim any deduction or exemption u/s.10(38) of the Act. Therefore, the question of making any addition/ disallowance in respect of purchase of shares by the assessee without selling them does not arise.

9. On the other hand the Ld. DR supported the orders of the authorities below.

10. Heard rival submissions, perused the orders of the authorities below and the materials placed before me. On perusal of the sanction granted u/s.151 of the Act by ld. PCIT it is observed that the sanction was granted both by Addl. CIT as well as PCIT and both the sanctions on the same page is undated. The assessment year involved in the case of the assessee is 2013-14 and the notice issued u/s.148 for reopening the assessment was beyond the period of three years from the end of the relevant assessment year since notice is dated 31.03.2021. As per the provisions of section u/s.151 of the Act relevant for the A.Y.2013-14 when an assessment proposed to be reopened u/s.148 of the Act beyond the period of three years from the end of the relevant assessment year, the competent authority to grant sanction u/s.151 of the Act is PCIT/CIT. In the case of the assessee it is observed that the Ld. PCIT who is the competent authority to grant sanction u/s.151 of the Act had simply signed without recording any satisfaction as to why he is granting sanction for issue of notice u/s.148 of the Act. It is further observed that such a sanction is also undated which means it is not known whether the sanction was granted prior to issue

of notice u/s. 148 of the Act or after the issue of notice u/s.148.

11. The Hon'ble Jurisdictional High Court in the case of Capital Broadways Pvt. Ltd. (supra) held as under :-

"12. We take note that request for approval under Section 151 of the Act in a printed format (Annexure P-6) was placed before the ACIT, who after according his satisfaction, placed the same before the PCIT. PCIT granted the approval on the very same day. The approval accorded by the ACIT and PCIT in Column No.11 & 12 are extracted below :-
"11. Whether the Addl. CIT is satisfied on the reasons recorded by AO that is a fit Case for the issue of

I am satisfied Sd/-
(G.G. Kamel)
Addl. CIT, Range-5, New Delhi

Dated 22.03.2017
12. Whether the Pr. Commissioner is satisfied: On the reasons recorded by the AO that it is a fit case for the issue of notice u/s 148.

Yes I am satisfied Sd/-
P.K. Gupta)
Pr. Commissioner of Income Tax-2,
New Delhi

Dated: 22.03.2017"

13. The satisfaction arrived at by the concerned Officer should be discernible from the sanction order passed under Section 151 of the Act. However, as may be seen, the approval order is bereft of any reason. There is no whisper of any material that may have weighed for the grant of approval.

14. Even the bare minimum requirement of the approving authority having to indicate what the thought process was, is missing in the aforementioned approval order. While elaborate reasons may not have been given, at least there has to be some indication that the

approving authority has examined the material prior to granting approval. Mere appending the expression "Yes I am satisfied" says nothing. The entire exercise appears to have been ritualistic and formal rather than meaningful, which should be the rationale for the safeguard of an approval by a high ranking official. Reasons are the link between material placed on record and the conclusion reached by the authority in respect of an issue, since they help in discerning the manner in which the conclusion is reached by the concerned authority.

15. This Court in the case of The Principal Commissioner of Income-tax v. Pioneer Town Planners Pvt. Ltd. (2024) SCC OnLine Del 1685/[2024] 160 taxmann.com 652/465 ITR 356 (Delhi) while dealing with an identical challenge of approval, having been accorded mechanically, had held as under.-

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

17. Thus, the incidental question which emanates at this juncture is whether simply penny down "Yes" would suffice requisite satisfaction as per Section 151 of the Act. Reference can be drawn from the decision of this Court in N.C. Cables Ltd., wherein, the usage of the expression "approved was considered to be merely ritualistic and formal rather than meaningful. The The relevant paragraph of the said decision reads as

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

18. Further, this Court in the case of Central India Electric Supply Co. Ltd. v. 170 (2011 SCC. OnLine Del 472] has taken a view that merely rubber stamping of "Yes" would suggest that the decision was taken in a mechanical manner. Paragraph 19 of the said decision is reproduced as under: -

"19. In respect of the first plea, if the judgments in Chhugamal Rajpal [1971] 79 ITR 603 (SC), Chanchal Kumar Chatterjee [1974] 93 ITR 130 (Calcutta) and Govinda Choudhury and Sons case [1977] 109 ITR 370 (Orissa) are examined, the absence of reasons by the Assessing Officer does not exist. This is so as along with the proforma, reasons set out by the Assessing Officer were, in fact, given. However, in the instant case, the manner in which the proforma was stamped amounting to approval by the Board leaves much to be desired. It is a case where literally a mere stamp is affixed, It is signed by an Under Secretary underneath a stamped Yes against the column which queried as to whether the approval of the Board had been taken. Rubber stamping of underlying material is hardly a process which can get the imprimatur of this court as it suggests that the decision has been taken in a mechanical manner. Even if the reasoning set out by the Income-tax Officer was to be agreed upon, the least which is expected is that an appropriate endorsement is made in this behalf setting out brief reasons. Reasons are the link between the material placed on record and the conclusion reached by an authority in respect of an issue, since they help in discerning the manner in which conclusion is reached by the concerned authority. Our opinion is fortified by the decision of the apex court in Union of India v. M. L. Capoor, AIR 1974 SC 87, 97 wherein it was observed as under:

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

28.... If that had been done, facts on service records of officers considered by the Selection Committee would have been correlated to the conclusions reached. Reasons are the links between the materials on which certain conclusions are based and the actual

conclusions. They disclose how the mind is applied to the subject-matter for a decision whether it is purely administrative or quasi-judicial. They should reveal a rational nexus between the facts considered and the conclusions reached. Only in this way can opinions or decisions recorded be shown to be manifestly just and reasonable." (emphasis supplied)."

9. In the case of Chhugamal Rajpal, the Hon'ble Supreme Court refused to consider the affixing of gnature alongwith the noting "Yes" as valid approval and had held as under:-
"5.-
Further the report submitted by him under Section 151(2) does not mention any reason for coming to the conclusion that it is a fit case for the issue of a notice under Section 148. We are also of the opinion that the Commissioner has mechanically accorded permission. He did not himself record that he was satisfied that this was a fit case for the issue of a notice under Section 148. To Question 8 in the report which reads "whether the Commissioner is satisfied that it is a fit case for the issue of notice under Section 148", he just noted the word "yes" and affixed his signatures thereunder. We are of the opinion that if only he had read the report carefully, he could never have come to the conclusion on the material before him that this is a fit case to issue notice under Section 148, important safeguards provided in Sections 147 and 151 were lightly treated by the Income Tax Officer as well as by the Commissioner. Both of them appear to have taken the duty imposed on them under those provisions as of little importance. They have substituted the form for the substance."

20. This Court, while following Chhugamal Rajpal in the case of Ess Adv. (Mauritius) S. N. C. Er Compagnie v. ACIT [2021 SCC OnLine Del 3613), wherein, while granting the approval, the ACIT "This is fit case for issue of notice under section 148 of-has written the Income-tax Act, 1961. Approved", had held that the said approval would only amount to endorsement of language used in Section 151 of the Act and would not reflect any independent application of mind. Thus, the same was considered to be flawed in law.

21. The salient aspect which emerges out of the foregoing discussion is that the satisfaction arrived at by the prescribed authority under Section 151 of the Act

must be clearly discernible from the expression used at the time of affixing its signature while according approval for reassessment under Section 148 of the Act. The said approval cannot be granted in a mechanical manner as it acts as a linkage between the facts considered and conclusion reached. In the instant case, merely appending the phrase "Yes" does not appropriately align with the mandate of Section 151 of the Act as it fails to set out any degree of satisfaction, much less an unassailable satisfaction, for the said purpose.

22. So far as the decision relied upon the Revenue in the case of Meenakshi Overseas Pvt. Ltd. is concerned, the same was a case where the satisfaction was specifically appended in the proforma in" Yes, I am satisfied Moreover, paragraph 16 of-terms of the phrase the said decision distinguishes the approval granted using the expression "Yes" by citing Central India Electric Supply, which has already been discussed above. The decision in the case of Experion Developers P. Ltd. would also not come to the rescue of the Revenue as the same does not deal with the expression used in the instant appeal at the time of granting of approval.

23. Therefore, it is seen that the PCIT has failed to satisfactorily record its concurrence. By no prudent stretch of imagination, the expression "Yes" could be considered to be a valid approval. In fact, the approval in the instant case is apparently akin to the rubber stamping of "Yes" in the case of Central India Electric Supply."

16. In the case of Principal Commissioner of Income-tax v. Meenakshi Overseas (P.) Ltd. [IT Appeal No. 651 of 2015,dated 26-5-2017) while reiterating that the satisfaction has to be accorded on the reasons recorded by the Assessing Officer that it is a fit case for the issue of such notice, the Court noted that by writing the words "Yes, I am satisfied" the mandate of Section 151(1) of the Act as far as approval of Additional CIT was concerned, stood satisfied. However, we may take note that such finding was arrived at by the Court in light of the fact that Additional CIT addressed a letter to the ITO stating as under:-

"In view of the reasons recorded under Section 148(2) of the IT Act, approval for issue of notice under Section 148 is hereby given in the above-mentioned case, you

are, accordingly directed to issue notice under Section 148 and submit a compliance report in this regard at the earliest."

17. Such letter sent by the Additional CIT to the ITO clearly reveals that the sanction was accorded after due application of mind and on considering the reasons narrated by the Assessing Officer. However, in the present case, there is no such material to come to the conclusion that PCIT granted approval after considering the reasons assigned by the Assessing Officer. The decision rendered in Meenakshi Overseas (P.) Ltd. (supra), is therefore not applicable to the facts and circumstances of the present case.

18. Dealing with an identical challenge where the competent authority just recorded "Yes I am satisfied", the Madhya Pradesh High Court in the case of CIT v. S. Goyanka Lime & Chemicals Ltd. ITA 82/2012/(2015) 56 taxmann.com 390)/231 Taxman 73 (MP) held as under:-

"7. We have considered the rival contentions and we find that while according sanction, the Joint Commissioner, Income Tax has only recorded so "Yes, I am satisfied". In the case of Arjun Singh (supra), the same question has been considered by a Coordinate Bench of this Court and the following principles are laid down:-

"The Commissioner acted, of course, mechanically in order to discharge his statutory obligation properly in the matter of recording sanction as he merely wrote on the format "Yes, I am satisfied" which indicates as if he was to sign only on the dotted line. Even otherwise also, the exercise shown to have been performed in less than 24 hours of time which also goes to indicate that the Commissioner did not apply his mind at all while granting sanction. The satisfaction has to be with objectivity on objective material.

8. If the case in hand is analysed on the basis of the aforesaid principle, the mechanical way of recording satisfaction by the Joint Commissioner, which accords sanction for issuing notice under section 148, is clearly unsustainable and we find that on such consideration both the appellate authorities have interfered into the matter. In doing so, no error has been committed warranting reconsideration."

19. The SLP challenging the decision rendered by the Madhya Pradesh High Court was dismissed by the Supreme Court CIT) v. S. Goyanka Lime & Chemical Ltd. [2015] 64 taxmann.com 313/237 Taxman 378 (SC).

20. As explained in the above cases, mere repeating of the words of the statute, mere rubber stamping of the letter seeking sanction or using similar words like "Yes, I am satisfied" will not satisfy the requirement of law. Hence, we are of the firm view that PCIT has failed to satisfactorily record his concurrence. The mere use of expression "Yes, I am satisfied" cannot be considered to be a valid approval as the same does not reflect an independent application of mind. The grant of approval in such manner is thus flawed in law.

21. Hence, for the aforesaid reasons, we are of the view that the approval granted by the PCIT for issuance of notice under Section 148 of the Act is not valid and therefore the impugned notice under Section 148 dated 24.03.2017 cannot be sustained. Accordingly, the impugned notice is set aside.
22. Writ Petition is disposed of in the aforesaid terms."

12. Ratio of the above decision squarely applies to the facts of the assessee's case. Thus, respectfully following the said decision I hold that the notice issued u/s.148 was without obtaining valid sanction u/s.151 of the Act and, therefore, such notice u/s. 148 and also the consequential assessment made u/s. 144B r.w.s. 147 of the Act dated 28.03.2022 pursuant to such notice is bad in law, nonest and void ab initio. Thus, the assessment order is hereby quashed.

13. Even on merits it is observed that the purchase transaction of the assessee was added as income of the assessee even though neither there was sale nor there was any gain to the assessee. The assessee did not claim any

exemption u/s. 10 (38) of the Act. Therefore, even on merits the addition cannot be sustained.

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

Order pronounced in the open court on 30.01.2026.

Sd/-

[C.N. PRASAD]
JUDICIAL MEMBER

Dated: 30.01.2026
*NEHA, Sr.P.S.**
Copy forwarded to:
1. Appellant
2. Respondent
3. PCIT
4. CIT(A)
5. DR

Asst. Registrar,
ITAT, New Delhi