

IN THE INCOME-TAX APPELLATE TRIBUNAL “A” BENCH,  
MUMBAI

BEFORE SHRI ANIKESH BANERJEE, JUDICIAL MEMBER  
&  
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

ITA No.6272/MUM/2025  
(A.Y. 2017-18)

<b>Arvinbhai Khatri Sons Designs Private Limited,</b> B-403/404, Breezy Corner Near Pizza Hut, Mahavir Nagar, Kandivali (West), Mumbai - 400 067, Maharashtra	v/s. बनाम	Assistant Commissioner of Income Tax, Circle - 4(1)(1), Room No. 640, 6 <sup>th</sup> Floor, Aayakar Bhavan, Maharishi Karve Road, Mumbai - 400 020, Maharashtra
<b>स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AAJCA0666J</b>		
<b>Appellant/अपीलार्थी</b>	..	<b>Respondent/प्रतिवादी</b>

Appellant by :	Dr. K. Shivaram & Shri Shashi Bekal, ARs
Respondent by :	Shri Rajesh Kumar Yadav (CIT-DR)

Date of Hearing	03.12.2025
Date of Pronouncement	28.01.2026

**आदेश / ORDER**

**PER PRABHASH SHANKAR [A.M.] :-**

The present appeal arising from the appellate order dated 18.08.2025 is filed by the assessee against the order passed by the Learned Commissioner of Income-tax (Appeals)/National Faceless Appeal Centre, Delhi [hereinafter referred to as “CIT(A)”] pertaining to assessment order passed u/s. 147 r.w.s. 144 of the Income-tax Act, 1961 [hereinafter referred to as “Act”] dated 29.05.2023 for the Assessment Year [A.Y.] 2017-18.



2. The grounds of appeal are as under:

**Reassessment is bad in law.**

- 1.1. *That on the facts and circumstances of the case and in law the Ld. National Faceless Appeal Centre (NFAC) has erred in upholding the Reassessment proceedings for AY 2017-18 on incorrect sanction under section 151 of the Income-tax Act, 1961 (Act).*
- 1.2. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding reassessment proceedings contrary to the decision of the Hon'ble Supreme Court in the case of Union of India vs. Rajeev Bansal [2024] 167 taxmann.com 70 (SC)/ [2024] 469 ITR 46 (SC), hence the reassessment order under section 147 read with section 144B of the Act may be quashed and set aside.*
- 1.3. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding reassessment proceedings as the Notice under section 148 of the Act is issued in violation of section 151A of the Act read with CBDT Notification 18 of 2022.*
- 1.4. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding reassessment proceedings as the alleged approval under section 151 of the Act is obtained in violation of CBDT Circular 19 of 2019.*

**Merits**

2. *The Ld. NFAC erred in making the observation that the appellant has not explained the difference, whereas the appellant has explained in detail with supporting documents before the Assessing Officer (AO) as well as before the NFAC and discharged the burden beyond a reasonable doubt; hence, the additions confirmed by the NFAC may be directed to be deleted.*
3. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding the order of the Ld. AO in making addition of Rs. 45,07,000/- under section 68 read with section 115BBE of the Act on appellant's inter-branch cash deposits without appreciating that the accounts of the appellant are audited and the mismatch is duly reconciled and explained.*
4. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding the order of the Ld. AO in making addition of Rs. 5,48,08,230/- under section 68 read with section 115BBE of the Act on appellant's inter-branch bank deposits without appreciating that the accounts of the appellant are audited and the mismatch is duly reconciled and explained.*



5. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding the order of the Ld. AO in making addition of Rs. 3,71,03,745/- under section 68 read with section 115BBE of the Act on appellant's inter-bank transfers without appreciating that the accounts of the appellant are audited and the mismatch is duly reconciled and explained.*
  6. *That on the facts and circumstances of the case and in law the Ld. NFAC has erred in upholding the order of the Ld. AO in making addition of Rs. 5,05,01,134/- under section 68 read with section 115BBE of the Act on appellant's card sales, whereas the same has been offered to income under section 28 of the Act.*
  7. *Without prejudice to above, that on the facts and circumstances of the case no defects were found in the books of account maintained by the appellant and VAT authorities have accepted the sales shown as per books of account, hence the addition of Rs. 45,07,000/-, Rs. 5,48,08,230/-, Rs. 3,71,03,745/-, Rs. 5,05,01,134/- confirmed by the NFAC may be directed to be deleted.*
  8. *Without prejudice to the above the Ld. NFAC erred in relying on various case laws in the order without giving an opportunity to rebut how the case laws are not applicable to the facts of the appellant; hence the additions confirmed by the NFAC may be directed to be deleted.*
  9. *Without prejudice to the above, the Ld. NFAC erred in confirming the addition made by the Assessing Officer without passing a speaking order and not dealing with the various submissions and evidence produced before the Ld. AO and appellate authority, hence the additions confirmed by the NFAC without following the due process of law may be directed to be deleted.*
3. In this case, the assessee filed return of income disclosing total income of Rs 75,15,530/-. Subsequently, the AO got information that substantial cash deposits of Rs 4,09,89,250/- in its bank account was made by the assessee. The AO considered the same to have escaped assessment in terms of section 147/148 of the Act. Accordingly, order u/s 148A(d) was passed on 29.07.2022 and the assessment was



reopened u/s 148 on 29.7.2022 after obtaining approval of Pr.Commissioner of Income Tax-4,Mumbai.

4. We take up the legal **ground no.1** first in which the assessee has challenged the reopening of the assessment as also the consequential reassessment order on the ground that in this case, approval for issuance of notice u/s 148 of the Act was accorded by the Pr.CIT and not Pr.CCIT. The ld.AR has referred to the relevant approval as per pages 70-75 of the Paper book filed before us. It is submitted at in this case, original notice u/s 148 for reopening notice was issued on 29.06.2021 and the subsequent notice was issued on 29.07.2022 which was beyond three years from the end of the assessment year. However, the sanction for issuing the notice was taken from PCIT as per and not from the correct authority i.e. PCCIT. It is submitted that in view of the ratio laid down by the hon'ble Apex Court in the case of **Rajeev Bansal 469 ITR 46(SC)** and followed by the jurisdiction High Court decision in the case of **Alagh Property Construction P.Ltd 179 taxmann.com 578(Bom)** and jurisdictional Tribunal order in the case of **Ramlal G. Suthar in ITA No.3224/Mum/2024** dated 07.01.2025,the impugned notice was invalid as also the consequential assessment.



5. On the other hand, ld. DR has strongly relied on the orders of lower authorities and also contended that this ground was taken by the assessee before the lower authorities.

6. We have heard the rival submissions and carefully considered the materials placed before us. We are of the considered view that once a notice u/s. 148 is sought to be issued after 31.03.2021, the provisions regarding reopening, including those relating to the 'specified authority' for approval come into force. Since first notice in this case was issued on 29.06.2021 and the order u/s. 148A(d) was passed on 29.07.2022, the limited issue for consideration is that since more than 3 years have elapsed from the end of the relevant assessment year i.e A.Y. 2017-18, whether the specified authority to grant sanction for issue of notice in this case is Pr. CIT or PCCIT/CCIT. In this regard, the relevant provisions of section 151 are as under:

"151. Sanction for issue of notice.

Specified authority for the purposes of section 148 and section 148A shall be,--

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

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



6.1 Thus, in view of the legal provisions, clearly the sanctioning authority in this case is the Pr. CCIT/CCIT and not the Pr. CIT as more than three years have elapsed from the end of the assessment year. Thus we hold that the notice u/s. 148 in this case was issued without the approval of the prescribed specified authority and hence deserves to be quashed on this ground alone.

6.2 Grant of sanction by the appropriate authority is a precondition for the Assessing Officer to assume jurisdiction under section 148 to issue a reassessment notice. Section 151 of the new regime does not prescribe a time limit within which a specified authority has to grant sanction. Rather, it links up the time limits with the jurisdiction of the authority to grant sanction. Section 151(ii) of the new regime prescribes a higher level of authority if more than three years have elapsed from the end of the relevant assessment year. Thus, non-compliance by the AO with the strict time limits prescribed under Section 151 affects their jurisdiction to issue a notice under section 148. Thus, the order dated 29.07.2022 passed u/s. 148A(d) and consequential notice u/s. 148 were violative of the provisions of section 151(ii) of the Act as sanction could only be accorded by the higher specified authority for notices issued beyond three years



from the end of the relevant assessment year. Accordingly, we quash the notice issued u/s 148 of the Act as invalid and *ab initio void*. Thus, the ground no.1 of the assessee's appeal is allowed.

7. Since we have quashed the reassessment notice, other grounds on merit are rendered academic and hence are not being adjudicated upon.

8. In the result, **appeal of the assessee is allowed.**

Order pronounced in the open court on 28/01/2026.

Sd/-

**ANIKESH BANERJEE**

(न्यायिक सदस्य / JUDICIAL MEMBER)

Sd/-

**PRABHASH SHANKAR**

(लेखाकार सदस्य/ACCOUNTANT MEMBER)

Place: मुंबई/Mumbai

दिनांक /Date 28.01.2026

Lubhna Shaikh / Steno

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT,  
Mumbai
5. गार्ड फाईल / Guard file.



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Arvindbhai Khatri Sons Designs Pvt. Ltd.

सत्यापित प्रति //True Copy//  
आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)  
आयकर अपीलीय अधिकरण/ ITAT, Bench,  
Mumbai.

