

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

Before Shri Manjunatha G., Accountant Member
and
Shri Ravish Sood, Judicial Member

आ.अपी.सं /**ITA No.1842/Hyd/2025**
(निर्धारण वर्ष/Assessment Year: 2016-17)

Chandini Duvvuri, Hyderabad. PAN: AYMPD9716A	Vs.	ITO (Int. Taxation)-1, Hyderabad.
(Appellant)		(Respondent)

आ.अपी.सं /**ITA No.1855/Hyd/2025**
(निर्धारण वर्ष/Assessment Year: 2017-18)

Chandini Duvvuri, Hyderabad. PAN: AYMPD9716A	Vs.	ITO (Int. Taxation)-1, Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Shri Siva Charan, CA	
राजस्व द्वारा/Revenue by:	Shri Sankar Pandi P, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	28/01/2026	
घोषणा की तारीख/Date of Pronouncement:	30/01/2026	

आदेश / ORDER

PER. RAVISH SOOD, J.M:

The captioned appeals filed by the assessee are directed against the respective orders passed by the Learned Commissioner of Income Tax (Appeals)-10, Hyderabad, dated 04/09/2025 and 08/09/2025, which in turn arises from the respective orders passed by the Assessing Officer under section 147 r.w.s 144 of the Income Tax Act, 1961 (for short, "the

Act”), dated 15/05/2024 and 27/05/2025 for AY 2016-17 and AY 2017-18, respectively. As a common issue is involved in the captioned appeals, therefore, the same are being taken up and disposed of by way of a consolidated order. We shall first take up the appeal filed by the assessee for AY 2016-17 in ITA No.1842/Hyd/2025, and the order therein passed shall apply *mutatis mutandis* for the purpose of disposing of the other appeal. The assessee has assailed the impugned order on the following grounds of appeal before us:

1. The order of the Commissioner of Income Tax (Appeals) -10, Hyderabad (CIT(A)) is erroneous on law and on facts of the case.
2. The CIT(A) erred in not considering the Ground Number 3. being Notice issued by the jurisdictional Assessing Officer is invalid and bad in law as it is in violation of Section 151A r.w.s. 1448 raised in the appeal memo in Form No.35.
3. The CIT(A) ought not to have set aside the case back to the Assessing Officer without deciding the Ground Number 3, as adjudication of such ground would render the assessment void ab initio.
4. The CIT(A) ought to have considered that issue of Notice u/s 148A as well as u/s 148, by the jurisdictional officer would render the subsequent assessment null and void, as per ratio laid down by various Hon'ble High Courts.
5. The CIT(A) ought to have considered that issue of Notice u/s 148A as well as u/s 148, by the jurisdictional officer would render the subsequent assessment null and void, as per ratio laid down by Hon'ble Supreme Court in their latest case of Prakash Pandurang Patil in Special Leave Petition (Civil) Diary No.39689 of 2025.
6. Any other ground that may be raised during the appellate proceedings with the kind prior permission from Hon'ble Tribunal.”

2. Succinctly stated, the AO based on information that the assessee who during the subject was a non-resident had as per the information

flagged in Risk Management Strategy (RMS) had though during the year under consideration made time deposits of Rs. 2,69,74,194/- with State Bank of Hyderabad, Kapra Branch, but had not filed his return of income, initiated proceedings under section 147 of the Act. Thereafter, notice under clause (b) of section 148A of the Act, dated 22/02/2023 was issued by the ITO, Ward-9(1), Hyderabad, i.e., Jurisdictional Assessing Officer (JAO). Also, the JAO passed an order under section 148A(d) of the Act, dated 16/03/2023. Thereafter, the ITO, Ward-9(1), Hyderabad, i.e., JAO issued notice under section 148 of the Act, dated 27/03/2023.

3. During the course of the assessment proceedings, the AO observed that the assessee during the subject year had made time deposits of Rs.2,69,74,194/- with State Bank of Hyderabad, Kapra Branch. As the assessee had failed to come forth with any explanation regarding the source of the aforesaid time deposits, therefore, the AO held the same as his unexplained investment under section 69 of the Act. Accordingly, the AO/NaFAC vide his order under section 147 r.w.s 144 of the Act, dated 15/05/2024 determined the income of the assessee at Rs.2,69,74,194/-.

4. Aggrieved, the assessee carried the matter in appeal before the CIT(A).

5. Ostensibly, the CIT(A) taking cognizance of the fact that the assessment in the case of the assessee was framed by the AO vide his order passed under section 147 r.w.s 144 of the Act, therefore, in exercise of the powers vested with him under the “proviso” to section 251(1)(a) of the Act (as was made available on the statute vide the Finance Act, 2024 w.e.f. 01/10/2024), set aside the matter to the file of the AO with a direction to make a fresh assessment.

6. The assessee aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

7. We have heard the Learned Authorized Representatives of both parties, perused the orders of the authorities below and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by the Ld. AR to drive home his contentions.

8. Shri Siva Charan, CA, the Learned Authorized Representative (for short, “Ld. AR”), for the assessee, at the threshold of hearing of the appeal, submitted that the Notice U/s 148 of the Act, dated 27/03/2023 issued by the ITO, Ward-9(1), Hyderabad, i.e., the Jurisdictional Assessing Officer (JAO), outside the faceless mechanism as provided under the provisions of Section 144(b) read with Section 151A and the "E-

Assessment Scheme of Income Escaping Assessment Scheme, 2022" notified by the Government of India on 29.03.2022 under Section 151A of the Act, is bad and illegal. Summing up his contention, the Ld. AR submitted that after the introduction of the "Faceless Jurisdiction of the Income Tax Authorities Scheme, 2022" and the "e-Assessment of Income Escaping Assessment Scheme, 2022", it is only the "Faceless Assessing Officer" (FAO) who can issue the notice under Section 148 of the Act and not the "Jurisdictional Assessing Officer" (JAO), and the assessments are statutorily required to be as per the prescribed faceless mechanism provided under the provisions of Section 144(b) r.w Section 151A of the Act. Elaborating further on his contention, the Ld. AR submitted that as the AO had invalidly assumed jurisdiction and framed the impugned assessment, therefore, the same cannot be sustained and is liable to be struck down for want of a valid assumption of jurisdiction on his part. The Ld. AR submitted that the subject issue is squarely covered by the judgments of the **Hon'ble High Court of Telangana** in the case of **Kankanala Ravindra Reddy Vs. ITO & 2 Others, Writ Petition Nos 25903 of 2023, dated 14.09.2023** and **Sri Venkataramana Reddy Patloola vs. DCIT, Circle-1(1), Hyderabad**. The Ld. AR submitted that the **Hon'ble jurisdictional High Court** in the case of **Sri Venkataramana Reddy Patloola vs. DCIT, Circle-1(1), Hyderabad** (supra) had held that

the notice issued under section 148 must comply with the requirement of the scheme for framing of Faceless Assessment whether or not the taxpayer is an NRI/Indian Resident. Apart from that, the Ld. AR submitted that involving identical facts, the Tribunal in its order passed in the assessee's own case for the immediately preceding year, i.e., AY 2015-16 in ITA No.1432/Hyd/2025, dated 12/12/2025 had quashed the assessment that was framed based on the notice issued under section 148 of the Act, dated 04/04/2022 by the Jurisdictional Assessing Officer (JAO). The Ld. AR to buttress his aforesaid contention had placed on record the copy of the order passed by the Tribunal in the assessee's own case for AY 2015-16 in ITA No. 1432/Hyd/2025.

9. Per Contra, Shri Sankar Pandi P, the Ld. Senior Departmental Representative (for short, "Sr. DR"), fairly admitted that the issue involved in the present appeal is covered in favour of the assessee by the judgments of the Hon'ble High Court of Telangana. However, the Ld. Sr. DR submitted that as the assessee within the specified time period contemplated under sub-section (3) of Section 124 of the Act, i.e. within a period of one month from the date on which the said notice was served upon him had not called in question the jurisdiction of the ITO, Ward-9(1), Hyderabad (JAO) who had issued Notice under Section 148 of the Act, dated 27/03/2023, therefore, he was precluded from assailing the same

for the first time before the Tribunal. Also, the Ld. Sr-DR submitted that the issue as on date is subjudice before the Hon'ble Supreme Court.

10. We have thoughtfully considered the contentions advanced by the Learned Authorized Representatives of both parties regarding the validity of the order passed by the AO/NaFAC under section 147 r.w.s 144 of the Act, dated 15/05/2024 based on the notice issued under section 148 of the Act, dated 27/03/2023 by the ITO, Ward-9(1), Hyderabad, i.e., JAO.

11. We find that the subject issue involved in the present appeal, i.e., the validity of the assessment framed by the AO/NaFAC based on the notice issued under section 148 of the Act, dated 27/03/2023 by the JAO is clearly covered by the order passed by the Tribunal in the assessee's own case, i.e., Chandini Duvvuri vs. Income Tax Officer (International Taxation)-1, Hyderabad, ITA No.1432/Hyd/2025, dated 12/12/2025, wherein the Tribunal taking cognizance of the fact that the impugned assessment order under section 144 r.w.s 147 of the Act for the said year was passed by the AO/NaFAC based on the notice issued under section 148 of the Act, dated 04/04/2022 by the JAO had quashed the same for want of valid assumption of jurisdiction by the AO, observing as under:

“12. We have heard both 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 relied upon by the learned counsel for the assessee in support of his arguments. We find that, the Hon'ble High Court of Telangana in the case of Deloitte

Consulting India Pvt. Ltd. Vs. Assessment Unit (supra) has considered an identical issue of notice issued by the JAO instead of the Faceless Assessing Officer (FAO), and after considering the relevant provisions of the Act, and also various notifications issued by the CBDT as per Section 151A of the Act, held that, any notice issued under Section 148 of the Act, after 29.03.2022 by the JAO is without jurisdiction and consequently, the assessment order passed in pursuant to the said notice is illegal and cannot be sustained. A similar view has been taken by the Hon'ble High Court of Telangana in the case of Yashnu Yasavi Polucherla Vs. ITO (supra), where the Hon'ble High Court, by following its earlier decision in the case of Deloitte Consulting India Pvt. Ltd. Vs. Assessment Unit (supra) held that, the JAO does not have the power to issue notice under Section 148 after the introduction of the Faceless Assessment Scheme.

13. In the present case, as per the facts available on record, the A.O., i.e., ITO, Ward 9(1), Hyderabad, issued a notice under Section 148A(b) of the Act, dated 01.04.2022, which was followed by an order under Section 148A(d) of the Act, dated 04.04.2022 by the very same A.O. and further issuance of notice under Section 148 of the Act, dated 04.04.2022 by the ITO, Ward 9(1), Hyderabad. Since the issue is covered by the jurisdictional High Court in the case of Yashnu Yasavi Polucherla Vs. ITO (supra) in our considered view, the assessment order passed by the JAO under Section 147 r.w.s. 144 of the Income-tax Act dated 15.05.2024, consequent to the notice under Section 148 of the Act, dated 04.04.2022 issued by the JAO, is without jurisdiction and cannot be sustained. Thus, we quash the order passed by the A.O. under Section 147 r.w.s. 144 of the Income-tax Act, 1961, dated 15.05.2024.

14. We further noted that, although the issue is now settled by the decisions of the jurisdictional High Court of Telangana in a number of cases, but fact remains that, the above issue is pending for adjudication before the Hon'ble Supreme Court in multiple SLPs filed by the Revenue against orders of various High Courts. We further noted that, both parties, i.e., the learned counsel for the assessee and the learned Senior A.R. for the Revenue, fairly agreed that, the decision rendered by the Hon'ble Supreme Court will be binding on both the parties, and in such cases, a liberty may be given to either parties to revive the appeal, if necessary for adjudication on merits. Since the issue is now pending for adjudication before the Hon'ble Supreme Court, in our considered view, the A.O. is directed to give effect to the order of the Hon'ble Supreme Court as and when the judgment is delivered by the Hon'ble Supreme Court and pass consequential orders, if need arises. We further make it clear that, both parties are at liberty to restore this appeal, if necessary, in case the decision goes against the assessee or in favour of the Revenue to decide the issues involved in the appeal on merits. With these observations, we allow the appeal filed by the assessee.

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

12. As the facts and the issue involved in the present appeal remain the same as were involved in the assessee's own case for the immediately preceding year, i.e., AY 2015-16 in ITA No. 1432/Hyd/2025, therefore, we respectfully following the same and quash the impugned assessment order passed by the AO under section 147 r.w.s 144 of the Act, dated 15/05/2024 based on the same terms and also the liberty therein allowed to the respective parties.

13. As we have quashed the assessment for want of valid assumption of jurisdiction by the AO, therefore, we refrain from adverting to and adjudicating the other grounds based on which the impugned order of assessment has been assailed before us, which, thus, are left open.

14. Resultantly, the appeal filed by the assessee is allowed in terms of our aforesaid observations.

ITA No.1855/Hyd/2025
(AY: 2017-18)

15. We shall now deal with the appeal filed by the assessee for AY 2017-18 in ITA No. 1855/Hyd/2025.

16. As the facts and the issue involved in the present appeal remain the same as were there before us in the assessee's own case for the

immediately preceding year, i.e., AY 2016-17 in ITA No.1842/Hyd/2025, therefore, our order therein passed shall apply mutatis mutandis for the purpose of disposing of the present appeal.

17. Resultantly, the appeal filed by the assessee is allowed in terms of our aforesaid observations.

18. In the result, both the appeals filed by the assessee are allowed in terms of our aforesaid observations.

Order pronounced in the open court on 30th January, 2026.

Sd/- (MANJUNATHA G.) ACCOUNTANT MEMBER	Sd/- (RAVISH SOOD) JUDICIAL MEMBER
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Hyderabad,
Dated 30th January, 2026.

OKK / SPS

Copy to:

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2	ITO (Int. Taxn)-1, Aayakar Bhavan, Basheerbagh, Hyderabad, Telangana-500029.
3	The Pr. CIT, Hyderabad
4	The DR, ITAT Hyderabad Benches
5	Guard File

By Order

Sr. Private Secretary,
ITAT, Hyderabad.