

आयकर अपीलीय अधिकरण न्याय पीठ मुंबई में।

IN THE INCOME TAX APPELLATE TRIBUNAL
“G” BENCH, MUMBAI

BEFORE SMT. BEENA PILLAI, JM &
SHRI ARUN KHODPIA, AM

I.T.A. No. 7556/Mum/2025
(Assessment Year: 2018-19)

Surat Goods Transport Pvt. Ltd., 3 rd Floor, Viraj Impex House, 47 PD Mello Road, Masjid Bunder (East), Mumbai-400009. PAN: AAACS5779B	Vs.	DCIT, Circle-16(2), Aayakar Bhavan, M.K. Road, Mumbai-400020.
Assessee -अपीलार्थी / Appellant	:	Revenue - प्रत्यर्थी / Respondent

Assessee by : Ms. Tisha bagh, Advocate &
Dhaval Shah, Advocate, AR

Revenue by : Dr. Raghvendra P. Chambolkar,
Sr. DR

Date of Hearing : 09.02.2026

Date of Pronouncement : 13.02.2026

ORDER

Per Arun Khodpia, AM:

This appeal is preferred by the assessee, directed against the order of Commissioner of Income Tax (Appeals)/ National Faceless Appeal Centre (NFAC), Delhi (in short “Ld. CIT(A)”, dated 23.10.2025, for the Assessment Year (AY) 2018-19, arises from the order passed by the Assessment Unit, Income Tax Department under section 147 of the Income Tax Act, 1961 (the

Act) dated 13.02.2024. The grounds of appeal raised by the assessee are as under:

“ 1. On the facts and circumstances of the case, the CIT(A) erred in upholding the validity of the present reopening proceedings vide notice u/s 148 r.w.s. 148A of the Act along with the consequent re-assessment order passed u/s 144B r.w.s. 147 of the Act which is bad in law and void ab initio.

*1.1. On the facts and circumstances of the case, the CIT(A) erred in upholding validity of the reopening notice u/s 148 r.w.s. 148A of the Act has been issued on the basis of the borrowed satisfaction of the DDIT whereby the statement of Shri Rajesh G. Mehta was recorded and used against the appellant. **[Refer Bombay High Court in the case of Hari Darshan Exports Pvt. Ltd. vs. ACIT (456 ITR 542) and H.R. Mehta (387 ITR 561)]***

*1.2. On the facts and circumstances of the case, the CIT(A) erred in not holding that the reopening notice u/s 148 r.w.s. 148A of the Act has been issued without taking the proper approvals from the correct designated authority as per sec 151(2) of the Act, thereby rendering the entire reopening bad in law. **[Refer Bombay High Court in the case of Siemens Financial Services Pvt. Ltd. (457 ITR 647) and Gayatri Pipes and Fittings Pvt. Ltd. vs. ITO (WP no. 17817 of 2022)]***

*1.3. On the facts and circumstances of the case, the CIT(A) erred in upholding that the re-assessment order u/s 144B r.w.s. 147 of the Act is bad in law for reasons that copy of the statement of Rajesh G. Mehta was not provided nor an opportunity to cross examine was given to the appellant and the AO has totally erred in law to say that no useful purpose will be served by affording the cross examination and there by sidelining the **judgment of the Apex Court in Andaman Timber Industries (civil appeal 4228 of 2006)***

2. On the facts and circumstances of the case, without prejudice to the above grounds and strictly in the alternative, the Ld. CIT(A) legally erred in dismissing the appeal in limine even though the notice u/s 148 and consequent reassessment order u/s 144B r.w.s. 147 of the Act for AY 17-18 was quashed by the Hon'ble Bombay High Court in WP(L) no. 15760 of 2024, which was the basis for the consequent reopening u/s 148 of the Act, reassessment order and additions made by the AO in the impugned AY 18-19. The rectification petition u/s 154 of the Act is pending and yet to be disposed of by the Ld. CIT(A) taking cognizance of the said Bombay High Court order applicable for AY 17-18.

3. On the facts of the circumstances of the case, the CIT(A) erred in upholding the action of the AO in making a disallowance of Rs.5,04,493 being interest paid

on alleged bogus loan taken of Rs. 1,00,00,000 from Ms. Aneri Fincap Ltd., a registered NBFC company, which was taxed u/s 68 r.w.s. 115BBE of the Act in AY 2017-18.

3.1. On the facts of the circumstances of the case, the CIT(A) erred in not appreciating the fact that quantum issue of taxing of the unsecured loans u/s 68 r.w.s. 115BBE of the Act in AY 17-18 was already quashed by the Honble Bombay High Court. In such circumstances the interest so paid could not have been automatically disallowed.”

2. The brief facts of the case states that the assessee is engaged in rendering of transportation services. The return of income for the year under consideration was filed on 01.10.2018, declaring total income of Rs. 30,76,28,253/- under the normal provisions of the Act. Subsequently, the case of assessee was selected for scrutiny under section 143(3) of the Act and assessment came to be completed on 21.01.2021 without any addition, thereby accepting the return of income of the assessee. Further, reassessment proceedings were initiated against the assessee under section 148 of the Act and the order under section 148A(d) was passed on 07.04.2022. The reassessment proceedings are completed by the ld. AO, making an addition of Rs. 5,04,493/-, being interest on alleged bogus loan which was taken by the assessee in AY 2017-18. Aggrieved with such addition, the assessee preferred an appeal before the ld. CIT(A), who had dismissed the appeal of assessee, as the contention raised by assessee therein does not impress upon him.

2. To challenge the aforesaid decision of ld. CIT(A), the assessee is in present appeal before us.

3. At the outset, ld. Counsel of the assessee submitted that the present case pertains to AY 2018-19 for which the reassessment proceedings are initiated by issuance of notice under section 148 of the Act on 07.04.2022, accordingly, the re-opening was initiated after three years from the end of relevant assessment year, therefore, the approval in such cases following the prescribed provisions of law, needs to be obtained from the specified authority as per clause-(ii) of amended section 151 of the Act. It was the submission that the identical issue has been came up before the Hon'ble Jurisdictional High Court in the case of **Vodafone Idea Ltd. vs. DCIT in W.P. No. 2768 of 2022** vide order dated **06.02.2024** wherein the Hon'ble High Court held as under:

“3. The Impugned order and the impugned notice both dated 7 April 2022 stare that the Authority that has accorded the sanction is the PCIT, Mumbai 5. The matter pertains to Assessment Year ("AY") 2018-19 and since the impugned order as well as the notice are issued on 7 April 2022, both have been issued beyond a period of three years. Therefore, the sanctioning authority has to be the PCCIT as provided under Section 151 (ii) of the Act. The proviso to Section 151 has been inserted only with effect from 1" April 2023 and, therefore, shall not be applicable to the matter at hand.

4. In this circumstances, as held by this Court in Siemens Financial Services Private Limited Vs. Deputy Commissioner of Income Tax & Ors., the sanction is invalid and consequently, the impugned order and impugned notice both dated 7th April 2022 under section 148A(d) and 148 of the Act are hereby quashed and set aside.”

4. The ld. AR also placed before us the provisions of amended section 151, which has come into effect from 01.04.2021 and applicable in present matter, extracted hereunder for the sake of completeness:

“151. 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 [] Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant assessment year:]*

[Provided that the period of three years for the purposes of clause (i) shall be computed after taking into account the period of limitation as excluded by the third or fourth or fifth provisos or extended by the sixth proviso to sub-section (1) of section 149.]

5. In backdrop of aforesaid submissions along with various case laws relied upon by the ld. AR, as per Case Law Paper Book furnished before us, it was the prayer that the approval under section 148 was granted by PCIT in the present case as apparent from the notice under section 148 dated 07.04.2022 placed before us in the PB at page no. 26, wherein the approval was given by PCIT, Mumbai-8 on 07.04.2022 vide Reference No. 100000028908607. However, since the notice for reopening was issued after the expiry of three years from the end of AY 2018-19 (ended on 31.03.2018), therefore the specified authority in present case would be the Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General of Income Tax, whereas the approval was granted by Pr. CIT, who does not have the authority to accord such approval. Therefore, on account of approval granted by a non-specified authority, who does not possess the authority to grant such permission, the sanction under section 151 turns invalid. Consequently, the

notice issued under section 148 dated 07.04.2022 and further proceedings consequential to such notice would vitiate. The assessment order, thus, as a natural corollary passed on the foundation such invalid notice for the want of sanction by the specified authority under section 151 of the Act is liable to be quashed.

6. Per contra, the ld. DR representing the revenue vehemently supported the orders of authorities below.

7. We have considered the rival submissions and perused the material available on record and case laws relied upon by the assessee. Referring to the legal issue raised by ld. AR in the present matter vide Ground No. 1.2, relying upon the decision of Hon'ble Bombay High Court in the case of Vodafone Idea Pvt. Ltd. (supra) and various other decisions listed as under:

Sr. No.	Particulars
1	Decision of the Hon'ble Bombay High Court in the case of Mystique Media Pvt. Ltd v. ITO [WP (L)No. 12562 of 2024] dated 15.04.2024
2	Decision of the Hon'ble Bombay High Court in the case of Purnima Jitendra Navsariwala v. ITO [WP No. 7 of 2024] dated 05.03.2024
3	Order of the Hon'ble Mumbai Tribunal in the case of Shabbir Taheri v. ITO [ITA No. 1574/Mum/2025] dated 15.10.2025
4	Order of the Hon'ble Mumbai Tribunal in the case of Parshwa Investment v. DCIT [ITA No. 1429/Mum/2025] dated 30.06.2025
5	Decision of the Hon'ble Bombay High Court in the case of Sejal Jewellery v. Union of India [171 Taxmann.com 846]
6	Decision of the Hon'ble Bombay High Court in the case of Ambernath City Hospital (P.) Ltd. v. Union of India [182 Taxmann.com 268]
7	Decision of the Hon'ble Bombay High Court in the case of Prakash Krishnavtar Bhardwaj v. ITO [150 Taxmann.com 60]
8	Decision of the Hon'ble Bombay High Court in the case of Banas Finance Ltd. v. ACIT [WP No. 2046 of 2023] dated 05.03.2024
9	Decision of the Hon'ble Bombay High Court in the case of Hexaware

	Technologies Ltd. v. ACIT [162 Taxmann.com 225]
10	Order of the Mumbai Tribunal in the case of Sandhu Builders v. ITO [ITA No. 1328/Mum/2012] dated 14.02.2014
11	Decision of the Hon'ble Bombay High Court in the case of PCIT V. Bairagra Builders (P.) Ltd [164 Taxmann.com 162]
12	Decision of the Hon'ble Gujarat High Court in the case of CIT v. Ayachi Chandrashekar Narsangji [42 Taxmann.com 251]

8. We find that the issue herein is squarely covered in favour of the assessee, on account of granting of approval by an authority specified in Clause-(i) of section 151 instead of the specified authority having authority to grant such sanction in a case, where assessment was reopened after three years from the end of relevant AY i.e. thus falls under second category specified authority as per Clause-(ii) of section 151 of the Act. Accordingly, the ld. AO lacks assumption of valid jurisdiction for want of valid approval under section 151 of the Act before issuance of notice under section 148 of the Act.

9. In view of such facts and circumstances, the notice under section 148, the order under section 148A(d) and the consequential proceedings thereafter has no standing in the eyes of law, we thus respectfully following the decision of Hon'ble Bombay High Court in the case of Vodafone Idea Pvt. Ltd. (supra), following the decision of Hon'ble Bombay High Court in the case of Siemens Financial Services Pvt. Ltd. [657 ITR 647 (Bom.)], are inclined to set-aside the notice under section 148, order under section 148A(d) and accordingly direct for quashing of assessment passed under section 147 dated 13.03.2024.

Consequently, the legal ground raised by the assessee challenging the validity of approval under section 151 of the Act, succeeds.

10. Since, we have quashed the impugned assessment in the present matter, accepting the legal plea of the assessee, thereby the substantive quantum addition made by Id. AO gets vacated, therefore the remaining grounds of appeal may be legal or on merits have become academic only, so need not be addressed.

11. In result, the appeal of assessee stands **allowed**, in terms of our aforesaid observations.

Order pronounced in the open court on 13-02-2026.

Sd/-
(BEENA PILLAI)
Judicial Member

Mumbai, Dated : 13-02-2026.

**SK, Sr. PS*

Sd/-
(ARUN KHODPIA)
Accountant Member

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. DR, ITAT, Mumbai
4. Guard File
5. CIT

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai