

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

श्री मंजुनाथ जी, लेखा सदस्य एवं श्री रविश सूद, न्यायिक सदस्य के समक्ष ।

**Before Shri Manjunatha G. Accountant Member**  
**And**  
**Shri Ravish Sood, Judicial Member**

आ.अपी.सं / **ITA No.1966/Hyd/2025**  
(निर्धारण वर्ष / Assessment Year: 2015-16)

Smt. Hemalatha Chervu HYDERABAD PAN:AODPC8304C (Appellant)	Vs.	Income Tax Officer WARD 15 (1) Hyderabad (Respondent)
निर्धारिती द्वारा / Assessee by:	Shri Akash Deshpande, CA	
राजस्व द्वारा / Revenue by:	Dr. Sachin Kumar, Sr. AR	
सुनवाई की तारीख / Date of hearing:	25/02/2026	
घोषणा की तारीख / Pronouncement:	26/02/2026	

**आदेश/ORDER**

**Per MANJUNATHA, G. A.M.**

This appeal is filed by the assessee, feeling aggrieved by the order passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 06/11/2025, for the A.Y 2015-16.

2. The brief facts of the case are that the assessee, an individual, not filed her return of income for the A.Y 2015-16. The

assessment has been reopened under section 147 of the Income Tax Act, 1961, for the reasons recorded, as per which, income chargeable to tax has escaped the assessment and, accordingly, a notice under section 148 of the Act, dated, 6/4/2022 was issued and served on the assessee. However, the assessee has not filed return of income in compliance with the notice issued under section 148 of the Act. During the assessment proceedings, notice under section 142(1) along with detailed questionnaire was issued to the assessee on 20/09/2023. However, the assessee has failed to submit the required details/information regarding the above-mentioned financial transactions. The A.O after considering the relevant non-responsive nature of the assessee has obtained bank account statement under section 133(6) of the Act and observed that the assessee has made huge cash deposits of Rs.59,85,508/- into her bank account and also earned interest income of Rs.36,310/-. Since the assessee has not filed any information, the A.O passed the assessment order under section 147 r.w.s. 144 of the Act, on 18/03/2022 and determined the total income of the assessee at Rs.60,21,818/-, by making additions of Rs.60,21,818/- under section 69A of the Act, as unexplained money.

3. Aggrieved by the assessment order, the assessee preferred an appeal before the Ld. CIT (A). Before the Ld. CIT (A), the assessee neither appeared nor filed any explanation. Therefore, the Ld. CIT (A) disposed of the appeal filed by the

assessee ex-parte for non-prosecution and upheld the additions made by the A.O towards the cash deposits into bank account under section 69A of the Act.

4. Aggrieved by the order of the Ld. CIT (A), the assessee is in appeal before the Tribunal.

5. The learned Counsel for the assessee submitted that the reopening of the assessment by issuing notice under section 148 of the Act dated 06/04/2022 is beyond the limitation provided under section 148 of the Act and the 1<sup>st</sup> proviso provided therein and thus, the order passed by the A.O under section 147 r.w.s. 144 of the Act, is invalid and liable to be quashed. The learned Counsel for the assessee further submitted that this issue is fully covered in favour of the assessee by the decision of the ITAT, Hyderabad Benches in the case of Peda Subbarao Unnam vs. Income Tax Officer in ITA No. 1664/Hyd/2025 dated, 28/01/2026, where the Tribunal by following the decision of the Hon'ble jurisdictional High Court of Telangana, in the case of Cyberabad Citizens Health Services Private Limited vs. Dy. CIT in writ petition No.25121 of 2024, dated, 17/11/2025 held that the notice issued under section 148 of the Act dated, 6/4/2022 is barred by limitation and liable to be quashed. Therefore, he submitted that the order passed by the A.O under section 147 r.w.s. 144 of the Act, should be quashed.

6. The Ld. Sr. AR for the Revenue Dr. Sachin Kumar, on the other hand, supporting the order of the A.O. and CIT(A), submitted that, there is no merit in all the legal grounds taken by the assessee because, as per the information available with the A.O., the income escaped assessment was more than Rs. 50 lakhs. He, further submitted that, at the time of initiation of proceedings under Section 148 of the Act, what is required to be seen is the prima facie material available to the A.O., but the A.O. is not required to prove the escapement of income. In this regard, he relied upon the decision of Hon'ble Supreme Court in the case of Raymond Woollen Mills Ltd. Vs. ITO (1999) 236 ITR 34 (SC). The learned Senior A.R. further submitted that, there is no merit in the other legal grounds taken by the assessee because the A.O. had issued notice under Section 148 of the Act as per the amended provisions of Section 149(1)(b) of the Act and as per the said provision, where the income escaped assessment is more than Rs. 50 lakhs, the A.O. can issue notice u/s 148 of the Act, up to ten assessment years. The Ld. Sr. AR for the Revenue further submitted that as per the information available with the A.O, the income escaped the assessment is more than Rs. 50 lakhs and as per the amended provisions of section 149 of the Act, if income escaped the assessment exceeds Rs.50 lakhs or more, then the A.O can reopen the assessment beyond 3 years and up to 10 years and therefore, the argument of the learned Counsel for the assessee that the notice issued by the A.O under

section 148 is beyond limitation is devoid of any merit and cannot be accepted.

7. 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 provisions of section 149(1)(b) of the Act, and notice issued under section 148 of the Act dated, 06/04/2022. As per the provisions of section 149(1) of the Act and the first proviso provided therein, no notice under section 148 of the Act shall be issued at any time in a case for the relevant A.Y beginning on or before 1/4/2021, if a notice under section 148 of the Act could not have been issued at that time on account of beyond the time limit specified under the provisions of clause (b) of section 149(1) of the Act as it stood immediately before the commencement of the Finance Act, 2021. In other words, as per the unamended provisions of section 149(1) of the Act, if no notice can be issued on account of being beyond the time limit then, as per the amended provisions of section 149(1) of the Act, no notice can be issued for the relevant A.Y. In the present case, the A.Y involved is A.Y 2015-16 and as per the unamended provisions of section 149(1) of the Act, the income escaped assessment is more than Rs.1 lakhs, then the assessment can be reopened up to 6 years from the end of the relevant A.Y and accordingly, for the A.Y 2015-16, the A.O can issue notice u/s 148 of the Act on or before 31/03/2022. Since the time limit available for issue of notice under section 148 of the

Act as per the old regime of the assessment was up to 31/03/2022, in our considered view, the A.O cannot issue re-assessment notice under section 148 of the Act for the A.Y 2015-16 on or before 1/4/2022 even under amended provisions of section 149(1) of the Act. In the present case, it is an admitted fact that the A.O issued notice under section 148 of the Act on 6/04/2022, which is beyond six years from the end of the relevant A.Y. Therefore, in our considered view, the notice issued under section 148 of the Act dated 6/4/2022 is barred by limitation in view of first proviso to section 149(1) of the Act and consequently, the impugned assessment order passed by the A.O under section 147 r.w.s. 144 of the I.T. Act, 1961 dated 18/02/2024 is bad in law and liable to be quashed.

8. The assessee has relied upon the decision of the ITAT, Hyderabad Benches, in the case of Shri Peda Subbarao Unnam vs. Income Tax Officer (Supra), The Coordinate Bench of the ITAT under identical set of facts and also by following the decision of the Hon'ble jurisdictional High Court for the State of Telangana in the case of Cyberabad Citizens Health Services (P) Ltd vs. DCIT (Supra), has quashed the notice issued under section 148 of the Act, being barred by limitation. The relevant findings of the Tribunal in ITA No.1664/Hyd/2025 dated 28/01/2026 are reproduced as under:

*“17. 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 Peda Subba Rao notice issued by the A.O.*

*under Section 148 of the Act dated 09.04.2022 in the light of the first proviso to Section 149(1)(b) of the Act. The first proviso to Section 149(1)(b) of the Act states that, no notice under Section 148 of the Act shall be issued at any time in a case for the relevant assessment year beginning on or before 01.04.2021 if a notice under Section 148 of the Act could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of Section 149 of the Act, as it stood immediately before the commencement of the Finance Act, 2021.*

*18. In the present case, the assessment year involved is 2015-16 and as per the unamended provisions of Section 149, if the income escaped assessment is more than Rs. 1 lakh, then the assessment can be reopened up to six years from the end of the relevant assessment year. Accordingly, for the assessment year 2015-16, the assessment could have been reopened on or before 31.03.2022. Since the time limit available for issuance of notice under Section 148 of the Act, as per the old regime of reassessment, was up to 31.03.2022, in our considered view, the A.O. cannot issue reassessment notice under Section 148 of the Peda Subba Rao Act for the assessment year 2015-16 on or after 01.04.2022. In the present case, it is an undisputed fact that the A.O. has issued notice under Section 148 of the Act on 09.04.2022, which is beyond six years from the end of the relevant assessment year. Therefore, the notice issued by the A.O. under Section 148 of the Act dated 09.04.2022 is barred by limitation in view of the first proviso to Section 149(1)(b) of the Act and consequently the impugned assessment order passed by the A.O. dated 28.11.2023 is bad in law and liable to be quashed.*

*19. This legal proposition is supported by the decision of the Hon'ble High Court of Telangana in the case of Cyberabad Citizens Health Services Private Limited Vs. D.C.I.T. (supra). A similar view has been taken by the Coordinate Bench in the case of A.C.I.T. Vs. Manish Financial in ITA No. 5055/Mum/2024 (supra), wherein the coordinate Bench, after considering the decision of the Hon'ble Supreme Court in the case of Union of India Vs. Rajeev Bansal, held as under :*

*"6. We heard the parties and perused the material on record. In assessee's case, the AO issued the original notice under section 148 dated 29.06.2021 for AY 2015-16 and consequent to the*

*directions given by the Hon'ble Supreme Court in the case of Ashish Agrawal (supra), the said notice was deemed as notice issued under section 148A(b). The AO Peda Subba Rao after passing the order under section 148A(d) issued the notice under section 148 dated 29.07.2022. The contention of the assessee is that the said notice is barred by limitation as per the first proviso to the un-amended provisions of section 149(1) as has been confirmed by the decision of the Hon'ble Supreme Court in the case of Rajeev Bansal (Supra). The relevant observations of the Hon'ble Supreme Court reads as under-*

*19. Mr N Venkataraman, learned Additional Solicitor General of India, made the following submissions on behalf of the Revenue:*

*(a) to (c)\*\*\*\**

*(f). The Revenue concedes that for the assessment year 2015-16, all notices issued on or after 1 April 2021 will have to be dropped as they will not fall for completion during the period prescribed under TOLA;*

*46. The ingredients of the proviso could be broken down for analysis as follows:*

*(i) no notice under section 148 of the new regime can be issued at any time for an assessment year beginning on or before 1 April 2021;*

*(ii) if it is barred at the time when the notice is sought to be issued because of the "time limits specified under the provisions of" 149(1)(b) of the old regime.*

*Thus, a notice could be issued under section 148 of the new regime for assessment year 2021-2022 and before only if the time limit for issuance of such notice continued to exist under section 149(1)(b) of the old regime.*

*49. The first proviso to Section 149(1)(b) requires the determination of whether the time limit prescribed under section 149(1)(b) of the old regime continues to exist for the assessment year 2021-2022 and before. Resultantly, a notice under Section 148 of the new regime cannot be issued if the period of six years from the end of the relevant assessment year has expired at the time of issuance of the notice. This also ensures that the new time limit of ten years prescribed under section 149(1)(b) of the new regime applies prospectively. For example, for the assessment year 2012-2013, the ten-year period would have expired on 31 March 2023, while the six-year period expired on 31 March 2019. Without the proviso to Section 149(1)(b) of the new regime, the Revenue could have had the power to reopen assessments for the year 2012-2013 if the escaped*

assessment amounted to Rupees fifty lakhs or more. The proviso limits the retrospective operation of Section 149(1)(b) to protect the interests of the assesses.

7. This issue of notice under section 148 issued for 2015-16 being time barred is considered by the coordinate bench in the case of Pushpak Realities Pvt. Ltd.(supra) and it is held that \*\*\*\*For the A.Y.2015-16, the Revenue itself has contended before the Hon'ble Supreme Court as noted above, all the notices issued on or after 01/04/2021 will have to be dropped as they will not fall for completion during the period prescribed under TOLA. Here notice w/s. 148 for the A.Y. 2015-16 has been issued on 28/07/2022 which is admittedly barred by limitation under the new provision of Section 149(1) and it is not covered under TOLA. Accordingly, all the notices are quashed being barred by limitation on the reasons given above and we are not going on the reasons given by the Id. CIT (A) for quashing the notice."

8. A combined reading of the above observations of the Hon'ble Supreme Court and the findings of coordinate bench makes it clear that the test for checking the validity of notices issued under section 148 under new regime for AYs 2021-22 or prior years is whether the period of six years has expired at the time of issue of such notice and in that case the notice under section 148 becomes invalid. These observations also makes it clear that the time limit of ten years as per the amended provisions of section 149(1)(b) can be applied only prospectively. In assessee's case when we apply this test for AY 2015-16, the period of six years has expired on 31.03.2022 and therefore the notice dated 29.07.2022 under section 148 of the Act for AY 2015-16 is invalid since it is barred by limitation. Accordingly, the assessment completed under section 147 of the Act is liable to be quashed.

9. Since we have already quashed the order under section 147 based on the legal contention of notice being time barred the other legal contentions raised by the assessee in the CO have become academic not warranting any adjudication. Accordingly, the CO is partly allowed.

10. We have quashed the order of re-assessment for AY 2015-16 considering the legal contentions raised by the assessee in the C.O. therefore the appeals of the revenue for AY 2015-16 contending the relief granted by the CIT(A) on the merits of the issues have become infructuous. Accordingly, the appeals of the revenue are dismissed."

*20. In view of the above discussion and respectfully following the ratio laid down by the Hon'ble High Court of Telangana, we hold Peda Subba Rao that the notice issued under Section 148 of the Act dated 09.04.2022 is barred by limitation and therefore the consequent assessment order passed by the A.O. under Section 147 r.w.s. Section 144 of the Act dated 28.11.2023 is bad in law and liable to be quashed. Accordingly, we quash the assessment order passed by the A.O.”*

9. In this view of the matter and considering the facts and circumstances of the case and also by following the decision of the ITAT, Hyderabad, in the case of Peda Subba Rao Unnam, vs. Income Tax Officer (Supra), we are of the considered view that the notice issued by the A.O under section 148 of the Act dated 6/4/2022 is barred by limitation and consequently, the assessment order passed by the A.O under section 147 r.w.s. 144 of the Act dated 18/04/2022 is void ab initio and liable to be quashed. Thus, we quash the assessment order passed by the A.O. We order accordingly.

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

Order pronounced in the Open Court on 26<sup>th</sup> February 2026.

Sd/- <b>(RAVISH SOOD)</b> <b>JUDICIAL MEMBER</b>	Sd/- <b>(MANJUNATHA, G.)</b> <b>ACCOUNTANT MEMBER</b>
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Hyderabad, dated 26<sup>th</sup> February 2026.

**VBP/sps**

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4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*