

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

श्री मंजूनाथ जी., माननीय लेखा सदस्य

एवं

श्री रवीश सूद, माननीय न्यायिक सदस्य

SHRI MANJUNATHA G., HON'BLE ACCOUNTANT MEMBER
AND

SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आ.अपी.सं / **ITA No.1837/Hyd/2025**

(निर्धारण वर्ष / Assessment Year: 2017-18)

Ramdev Munadhda, Warangal Madhu Mantri & Associates, C-103, Mathrushree Apartments, 3-5-873, Hyderguda, Hyderabad, Telangana 500029. PAN: CPGPM8265Q (Appellant)	Vs.	Income Tax Officer, Ward- 1, Warangal (Respondent)
निर्धारिती द्वारा/Assessee by:	Ms. Mrudulatha, CA	
राजस्व द्वारा/Revenue by:	Dr. Sachin Kumar, Sr. DR	
सुनवाई की तारीख/Date of Hearing:	24/02/2026	
घोषणा की तारीख/ Date of Pronouncement:	26/02/2026	

आदेश / ORDER

प्रति रवीश सूद, जे.एम./PER RAVISH SOOD, J.M.

The present appeal filed by the assessee is directed against the order passed by the CIT(Appeals), National Faceless Appeal Centre, dated 24.01.2025, which in turn arises from the order passed by the AO under Section 147 r.w.s. 144B of the Income-tax Act, 1961, (for short, "Act") dated 24.01.2025, for the Assessment Year 2017-18. The assessee has assailed the impugned order of the CIT(Appeals) on the following grounds of appeal before us:

- “1. The order of the National Faceless Appeal Centre ('The CIT(A)') in sustaining the addition of ₹ 8,53,660 as income from profits and gains from business and profession and other income, having escaped assessment is beyond jurisdiction of the Revenue since it is barred under section 149(1)(b) of the Income Tax Act 1961 ('the Act') is unsustainable both on facts and in law.
2. The Ld. CIT(A) failed to appreciate the fact that the net taxable income is less than ₹ 50 lakhs, which is time barred under section 149(1)(b). Therefore, the addition of ₹ 8,53,660 in the assessment framed under section 147 of the Act is invalid, bad in law and to be quashed.
3. The Ld. CIT(A) failed to appreciate the fact that the notices related to 148A and subsequent notices u/s 148 reassessment were being sent to a mail id which was non-existent and the assessee was not aware of reassessment proceedings. Hence the order u/s 148A(d) passed without the opportunity of being heard and subsequent assessment order u/s 147 passed is invalid, bad in law and to be quashed.
4. The impugned assessment order is arbitrary, illegal, bad in law and in violation of rudimentary principles of contemporary jurisprudence.
5. The Ld. CIT(A) has erred in passing an ex-parte order without providing reasonable opportunity of being heard to the appellant hence the same being against the principles of natural justice and law requires to be cancelled.
6. Any other ground or grounds that may be urged at the time of hearing.”

2. Succinctly stated, the assessee is an individual engaged in the business of wholesale trading of dal. The AO, based on information that the assessee during the subject year had though made substantial cash withdrawals of Rs. 1,57,85,000/- from his current account with State Bank of India, but had not filed his return of income for A.Y. 2017-18, initiated proceedings under Section 147 of the Act.

3. Ostensibly, the AO had initiated the proceedings after following the procedure prescribed under Section 148A of the Act. The AO had issued a letter under Section 148A(a) of the Act, dated 12/01/2024, wherein taking specific cognizance of the fact that the assessee had not filed his return of income for the year under consideration, the assessee was called upon to explain the cash deposits or cash withdrawals (including through bearer cheques) amounting to Rs. 1,57,85,000/- in his current account held with State Bank of India, but he failed to reply to the same, Page 2-3 of "Assessee's Paper Book" (APB). Thereafter, the AO issued notice under Section 148A(b) of the Act, dated 05/02/2024, wherein, based on the aforesaid information, the assessee was called upon to explain why a notice under Section 148 of the Act may not be issued to him, Page 4-8 of APB. As the assessee had failed to respond to the notice issued under Section 148A(b) of the Act, therefore, the AO passed an order under Section 148A(d) of the Act, dated 29/02/2024, wherein it was observed by him that based on the information available, the income of the assessee had escaped assessment to the extent of Rs. 1,57,85,000/-, Page 7-

9 of APB. Thereafter, the AO issued a notice under Section 148 of the Act, dated 29/02/2024, i.e., beyond three years but within ten years from the end of the relevant assessment year, Page 10 of APB.

4. Thereafter, the AO framed the assessment vide his order passed under Section 143(3) r.w.s. 147 r.w.s. 144B, determining the total income of the assessee at Rs. 8,53,659/-.

5. Aggrieved, the assessee assailed the assessment order before the CIT(A), but without success.

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

7. We have heard the Ld. Authorised Representatives of both parties, perused the orders of the lower authorities 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 her contentions

8. Ms. Mrudulatha, CA, the Ld. Authorised Representative for the assessee (for short, "AR") has confined her contention only to the validity of the notice issued under Section 148 of the Act, i.e., beyond three years from the end of the relevant assessment year. It was submitted by her that in view of Section 149(1)(b) of the Act, since the income of the assessee had been assessed at Rs. 8,53,659/-, which is less than Rs. 50 lakhs, thus the notice issued on 29.02.2024, being beyond a period of 3 years from the end of the relevant

assessment year, is barred by limitation. The Ld. AR in support of her aforesaid contention had relied upon certain judicial pronouncements, viz. (i). Vasuki Global Industrial Ltd. Vs. Pr. CIT (2025) 180 taxmann.com 16 (Gujarat); (ii). ACIT Vs. Rajiv Gupta (2025) 180 taxmann.com 709 (Hyderabad); (iii). Principal Commissioner of Income Tax Vs. Nitin Nema (2024) 468 ITR 105 (SC); (iv). Pramila Mahadev Tatkase Vs. Income Tax Officer (2024) 468 ITR 275 (Karnataka); and (v). Ratan Bej Vs. Principal Commissioner of Income Tax (2024) 467 ITR 288 (Jharkhand).

9. Per Contra, the Ld. Departmental Representative (for short, "DR") submitted that as the AO at the stage of initiating the proceedings under Section 147 of the Act was in possession of material which revealed that the income of the assessee chargeable to tax, amounting to or likely to amount to Rs. 50 lakhs or more had escaped assessment, therefore, he had rightly assumed jurisdiction and issued the notice under Section 148 of the Act beyond a period of 3 years from the end of the relevant assessment year.

10. As the Ld. AR has confined her contentions only to the validity of the notice issued under section 148 of the Act in the backdrop of the mandate of Section 149(1)(b) of the Act, therefore, we restrict our adjudication to the said extent.

11. We find that Section 149(1)(b), as was applicable during the relevant period, provided that where three years have elapsed from the end of the relevant assessment year, then notice under Section 148 could be issued

only if the AO has in his possession books of account or other documents or evidence which revealed that income chargeable to tax, represented in the form of an asset, amounting to or likely to amount to Rs.50 lakhs or more, has escaped assessment.

12. Coming to the facts involved in the case before us, we find that at the stage of initiation of proceedings, the information available with the department was that the assessee had though made cash withdrawals aggregating to Rs. 1,57,85,000/- during the relevant previous year, but not filed his return of income for the subject year, i.e., AY 2017-18. Thus, we concur with the Ld. DR that there was tangible material in the possession of the AO indicating substantial financial transactions exceeding Rs. 1.50 crores (approx.), which *prima facie* suggested escapement of income exceeding the threshold limit prescribed under Section 149(1)(b) of the Act.

13. Apropos the Ld. AR's contention that, as ultimately the income of the assessee was assessed at only Rs. 8,53,659/-, therefore, the notice issued beyond three years is invalid, we are unable to persuade ourselves to concur with the same. In our considered view, the Ld. AR's contention is not only flawed but proceeds on a fundamentally incorrect premise. We are of firm conviction that the validity of the assumption of jurisdiction has to be tested with reference to the material available with the AO at the time of issuance of notice under Section 148, and not on the basis of the income ultimately assessed. Although, as a word of caution, we may herein observe that if a basic analysis of the

information available with the AO glaringly reveals that the income of the assessee chargeable to tax that had escaped assessment for the subject year is below the threshold limit of Rs. 50 lacs, then the AO cannot be allowed to put blinkers and remain oblivious to the said material fact.

14. Be that as it may, it is trite law that the validity of reassessment proceedings must be examined based on the reasons recorded and material available at the time of issuance of notice. We are of the view that the ultimate determination of income at a figure lower than Rs. 50 lakhs cannot retrospectively invalidate the assumption of jurisdiction, if at the inception stage the AO had material, which, prima facie, satisfied the statutory requirement.

15. We find that in the present case, the AO had information relating to cash withdrawals aggregating to Rs. 1,57,85,000/-, which read in the backdrop of the fact that the assessee had not filed his return of income for the year under consideration, i.e., AY 2017-18, constituted tangible material, i.e., the AO was in possession of documents or evidence which revealed that the income of the assessee chargeable to tax, represented in the form of an asset, amounting to or likely to amount to Rs.50 lakhs or more, had escaped assessment. We, thus, in the backdrop of our aforesaid deliberations, are of the view that the issuance of notice under Section 148 on 29.02.2024, though beyond three years, cannot be said to be barred by limitation under Section 149(1)(b) of the Act.

16. As the assessee had relied on certain judicial pronouncements (forming part of the case law compilation), therefore, in all fairness, we deem it apposite to deal with the same, as under:

(A). Vasuki Global Industrial Ltd. Vs. Pr. CIT (2025) 180 taxmann.com 16 (Gujarat):

In the aforesaid case, the Hon'ble High Court of Gujarat was concerned with a case where notice under Section 148 of the Act was issued beyond three years from the end of the relevant assessment year. On facts, the Hon'ble Court found that the material relied upon by the department did not disclose escapement of income represented in the form of an asset amounting to or likely to amount to Rs. 50 lakhs or more, as mandated under Section 149(1)(b). As the jurisdictional pre-condition itself was found absent, therefore, the Hon'ble High Court held that in the absence of satisfaction of the statutory threshold, the extended period of limitation could not be invoked. In our view, the ratio of the aforesaid decision rests on two foundational aspects, viz. (i) absence of material revealing escapement of income represented in the form of an asset; and (ii) failure to meet the statutory threshold of Rs. 50 lakhs at the stage of initiation of proceedings. However, in the present case before us, the factual matrix is totally different. The AO in the case before us, at the time of issuing notice under Section 148 of the Act had specific information that the assessee had made cash withdrawals aggregating to Rs. 1,57,85,000/- during the relevant previous year, and the assessee had neither filed any return of income for the subject year nor responded to the notice issued by the AO under Section 148A(b) of

the Act, dated 05/02/2024. Accordingly, the aforesaid information was not vague or general in nature, but was specific and quantifiable financial data obtained by the AO through the system. We, thus, are of firm conviction that as the aforesaid case is factually distinguishable, therefore, the same will not assist the case of the assessee before us.

(B). ACIT Vs. Rajiv Gupta (2025) 180 taxmann.com 709 (Hyderabad):

(i). We find that the coordinate bench of the Tribunal in the aforesaid case was dealing with a case where the material available with the AO did not reveal escapement of income represented in the form of an asset amounting to Rs. 50 lakhs or more. Thus, the Tribunal, on facts, found that the alleged escapement did not satisfy the statutory threshold contemplated under Section 149(1)(b), and therefore the notice issued beyond three years was held to be invalid. Accordingly, the decision in the aforementioned case was based on the absence of material indicating the escapement of income of Rs. 50 lakhs or more. However, in the present case, the AO was in possession of information showing cash withdrawals of Rs. 1,57,85,000/-, which, in the absence of any return of income having been filed by the assessee, coupled with the failure on his part to respond to the notice issued under Section 148A(b) of the Act, dated 05/02/2024, constituted tangible material enabling the AO to form a *prima facie* belief that income exceeding Rs. 50 lakhs had escaped assessment. Therefore, as the aforesaid case relied upon by the assessee is factually distinguishable, thus, the same will not assist the case of the present assessee before us.

(C). Principal Commissioner of Income Tax Vs. Nitin Nema (2024) 468 ITR
105 (SC):

In the aforesaid case, the issue before the Hon'ble Supreme Court pertained to the interpretation of the amended provisions relating to reassessment and the requirement that escapement must be represented in the form of an "asset". We find that the Hon'ble Apex Court in the aforesaid case examined whether or not the conditions prescribed under Section 149 were satisfied. However, in the case before us, the information relates to substantial cash transactions routed through bank accounts, which are clearly "assets" within the meaning of the "Explanation" to Section 149 of the Act. We, thus, are of firm conviction that as the AO had material with him indicating financial transactions of more than Rs. 1.50 crores, which, as observed by us hereinabove was not rebutted by the assessee by filing any reply to the notice issued by the AO under Section 148A(b) of the Act, dated 05/02/2024, therefore, the factual foundation on which the Hon'ble Supreme Court had rendered its decision in Pr. CIT Vs. Nitin Nema (supra) will not assist the assessee before us, as in the present case, the statutory condition of material revealing escapement above the threshold limit stood prima facie satisfied at the time of issuance of notice.

(D). Pramila Mahadev Tatkase Vs. Income Tax Officer (2024) 468 ITR 275
(Karnataka):

In the aforesaid case, the Hon'ble High Court of Karnataka was concerned with a situation where the notice under Section 148 was issued beyond three years without the existence of material satisfying the threshold condition under Section 149(1)(b). Accordingly, the Hon'ble High Court, based on its

observation that the jurisdictional requirement was not fulfilled, had quashed the notice issued by the AO under Section 148 of the Act. However, in the present case before us, as already noted hereinabove, the AO possessed specific information regarding cash withdrawals of Rs. 1,57,85,000/-, which read in the backdrop of the fact that the assessee had neither filed his return of income for the year under consideration, nor filed any reply to the notice issued by the AO under Section 148A(b) of the Act, dated 05/02/2024, constituted sufficient material available with the AO at the stage of initiation of the proceedings to trigger the extended limitation under Section 149(1)(b) of the Act. We, thus, are of the view that the ratio of the aforesaid decision, which was rendered on a different factual footing, will not advance the case of the assessee before us.

(E). Ratan Bej Vs. Principal Commissioner of Income Tax (2024) 467 ITR 288 (Jharkhand):

In the said case, the Hon'ble High Court of Jharkhand had examined the validity of reassessment where the alleged escaped income did not meet the statutory threshold and the jurisdictional facts were not established. Accordingly, the Hon'ble High Court had, on those facts, held that the notice issued beyond three years was unsustainable. In contrast, in the present case before us, the material available with the AO disclosed substantial banking transactions exceeding Rs.1.50 crores (supra), which read in the backdrop of the fact that the assessee had neither filed his return of income for the year under consideration, nor filed any reply to the notice issued by the AO under Section 148A(b) of the Act, dated 05/02/2024, thus, clearly distinguishes the present case from aforementioned

case pressed into service by the assessee, where the jurisdictional pre-condition in itself was found absent.

We, thus, based on our aforesaid deliberations, are of firm conviction that as the aforesaid case laws/judicial pronouncements pressed into service by the assessee are distinguishable on facts and thus, the same will not assist and carry its case any further.

17. As the Ld. AR has confined her contentions only to the jurisdictional issue, i.e., the validity of the notice issued under section 148 of the Act in the backdrop of the mandate of Section 149(1)(b) of the Act, which, has been held by us based on our aforesaid deliberations as valid, therefore, we refrain from adjudication on the merits of the case.

18. In the result, the appeal filed by the assessee is dismissed.

26th February 2026 को खुली अदालत में सुनाया गया आदेश।

Order pronounced in the Open Court on 26th February, 2026.

<p>Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ ACCOUNTANT MEMBER</p>	<p>Sd/- (रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/ JUDICIAL MEMBER</p>
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Place: Hyderabad,

Dated 26th February, 2026

Copy to:

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1	Ramdev Munadhda Madhu Mantri & Associates, C-103, Mathrushree Apartments, 3-5-873, Hyderguda, Hyderabad, Telangana 500029.
2	The Income Tax Officer, Ward-1, Warangal
3	The Pr.Commissioner of Income Tax, Hyderabad
4	The Sr. DR, ITAT Hyderabad Benches
5	Guard File

By Order