

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई।  
IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं सुश्री पदमावती यस, लेखक सदस्य के समक्ष  
BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND  
MS. PADMAVATHY.S, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.3702/Chny/2025  
निर्धारण वर्ष /Assessment Year: 2017-18

Sri Bannari Amman Fresh Fruit,  
No.55/66, MG Road,  
Besant Nagar, Adyar,  
Chennai – 600090.  
PAN: ADDFS 1100R

The Income Tax Officer,  
Vs. Non Corporate Ward-15(1),  
Chennai.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by  
प्रत्यर्थी की ओर से /Respondent by

: Mr. V. Tharish, CA  
: Dr. M.D. Vijay Kumar, JCIT

सुनवाई की तारीख/Date of Hearing  
घोषणा की तारीख /Date of Pronouncement

: 18.02.2026  
: 27.02.2026

**आदेश / ORDER**

**PER PADMAVATHY.S, A.M:**

This appeal by the assessee is against the order of the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi, (in short "CIT(A)") passed u/s. 250 of the Income Tax Act, 1961 (in short "the Act") dated 07.11.2025 for Assessment Year (AY) 2017-18.

2. The assessee is a partnership firm and engaged in the business of retail trade of fruits and vegetables. The assessee filed the return of income for AY 2017-18 on 28.09.2017 declaring total income of Rs.8,34,984/. The return

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was processed under section 143(1) accepting the income returned. The assessing officer (AO) received information that the assessee has deposited cash during the demonetisation period to the tune of Rs.38,43,207 and passed an order under section 148A(d) on 30.07.2022. The AO issued notice under section 148 on the same day. The AO completed the assessment by adding a sum of Rs.37,22,307/- under section 68 of the Act. Aggrieved, the assessee filed the appeal before the CIT(A). Since the assessee did not respond to the notices, the CIT(A) dismissed the appeal ex-parte. The assessee is in appeal before the tribunal against the order of the CIT(A).

3. Before us, the Ld. AR raised legal contentions that the notice under section 148 dated 30.07.2022 is barred by limitation. The Ld. AR submitted that in assessee's case the income escaping assessment is less than Rs.50 lakhs and therefore, the AO ought to have issued notice under section 148 for AY 2017-18 within 3 years i.e. on or before 31.03.2021. The Ld. AR also raised the legal contentions that the notice under section 148 which is issued beyond 3 years approved by PCIT instead of PCCIT which is in violation of the provisions of section 151. The Ld. AR submitted that if the legal contentions are considered and allowed then the grounds on merits become academic. Accordingly we will 1<sup>st</sup> proceed to consider the legal contentions.

4. The Ld. Departmental Representative, on the other hand, relied on the orders of the lower authorities.

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5. We heard the parties and perused the material on record. The provisions of section 149 under the new regime reads as under –

**149 - Time limit for notice.**

*(1) No notice under [section 148](#) shall be issued for the relevant assessment year,—*

*(a) if three years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b);*

*(b) if three years, but not more than ten years, have elapsed from the end of the relevant assessment year unless the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income chargeable to tax, represented in the form of—*

*(i) an asset;*

*(ii) expenditure in respect of a transaction or in relation to an event or occasion; or*

*(iii) an entry or entries in the books of account,*

*which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more:*

6. From the plain reading of the above provisions, it is clear that the notice under section 148 cannot be issued beyond 3 years were the income escaping assessment is less than Rs.50 lakhs. In other words the statutory requirement under section 149 is explicit and unambiguous, and reassessment beyond three years cannot be initiated unless the escaped income for the relevant assessment year exceeds Rs.50 lakhs. In this regard, it is also relevant to consider the following observations of the Hon'ble Supreme Court in the case of UOI vs Rajeev Bansal [2024] 167 taxmann.com 70 (SC) where it is observed that –

*51. Given Section 149(1)(b) of the new regime, reassessment notices could be issued after three years only if the income chargeable to tax which escaped assessment is more than Rupees fifty lakhs. The proviso to Section 149(1)(b) limits the retrospectivity of that provision with respect to the time limits specified under section 149(1)(b) of the old regime.*

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52. In *Ashish Agarwal (supra)*, this Court held that the benefit of the new regime must be provided for the reassessment conducted for the past periods. The increase of the monetary threshold from Rupees one lakh to Rupees fifty lakh is beneficial for the assesses. Mr Venkataraman has also conceded on behalf of the Revenue that all notices issued under the new regime by invoking the six year time limit prescribed under section 149(1)(b) of the old regime will have to be dropped if the income chargeable to tax which has escaped assessment is less than Rupees fifty lakhs.

53. The position of law which can be derived based on the above discussion may be summarized thus: (i) Section 149(1) of the new regime is not prospective. It also applies to past assessment years; (ii) The time limit of four years is now reduced to three years for all situations. The Revenue can issue notices under section 148 of the new regime only if three years or less have elapsed from the end of the relevant assessment year; (iii) the proviso to Section 149(1)(b) of the new regime stipulates that the Revenue can issue reassessment notices for past assessment years only if the time limit survives according to Section 149(1)(b) of the old regime, that is, six years from the end of the relevant assessment year; and (iv) **all notices issued invoking the time limit under section 149(1)(b) of the old regime will have to be dropped if the income chargeable to tax which has escaped assessment is less than Rupees fifty lakhs.**

7. In the present case, the notice under section 148 was issued under the old regime and subsequently as per the directions of the Hon'ble Supreme Court in the case of *Union of India vs. Ashish Agarwal* (Civil Appeal No. 3005/2022 dated 04.05.2022) the said notice was treated as show-cause notice u/s. 148A of the Act. The AO passed an order u/s. 148A(d) on 30.07.2022 and issued a notice u/s. 148 on the same date. It is an undisputed facts that in assessee's case the income escaping assessment is less than Rs.50 lakhs. A combined perusal of the provisions of section 149 and the above observations of the Hon'ble Supreme Court, we are of the view that the notice under section 148 dated 30.07.2022 which is beyond 3 years is invalid and the consequent proceedings are liable to be quashed as bad in law.

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8. Since, we have allowed the legal contention of notice under section 148 barred by limitation, the other legal contention regarding notice issued without obtaining approval from appropriate authority is left open. Further, the grounds raised on merits have become academic not warranting any separate adjudication.

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

*Order pronounced on 27<sup>th</sup> day of February, 2026 at Chennai.*

Sd/-  
(एबी टी. वर्की)  
(ABY. T. Varkey)

न्यायिक सदस्य / Judicial Member

Sd/-  
(पदमवती यस)  
(Padmavathy.S)

लेखा सदस्य /Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 27<sup>th</sup> February, 2026.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF