



आयकर अपीलीय अधिकरण "बी" न्यायपीठ पुणेमें।
IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCHES "B" :: PUNE

BEFORE MS. ASTHA CHANDRA, JUDICIAL MEMBER
AND
DR. DIPAK P. RIPOTE, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA Nos.3280 & 3281/PUN/2025
निर्धारण वर्ष / Assessment Years: 2016-17 & 2017-18

Sachin Mohanlal Chordia, B-101, Isha Emerald, Bibwewdi, Kondhwa Road, Marketyard, Pune- 411037. PAN: AANPC8554C	V s.	The Income Tax Officer, Ward-5(1), Pune.
Appellant		Respondent

Assessee by	Shri Abhilash Hiran
Revenue by	Shri Amit Bobade & Shri Sanjay Dhivare (Virtual)
Date of hearing	05/03/2026
Date of pronouncement	30/03/2026

आदेश/ ORDER

PER BENCH :

These are two appeals filed by Assessee against the Separate Orders of Commissioner of Income Tax (appeal) (NFAC) u/s 250 of the Income Tax Act 1961 for AY 2016-17, 2017-18 passed on 22/10/2025 emanating from Separate Assessment Orders u/s 147 rws 144 dated 11/05/2023 and 23/05/2023.

2. The Grounds of Appeal raised by the assessee are as under:



BEFORE THE HON'BLE INCOME TAX APPELLATE TRIBUNAL, PUNE

SACHIN MOHANLAL CHORDIA

PAN: AANPC8554C

ASSESSMENT YEAR 2016-17

GROUNDS OF APPEAL

Mr. Sachin Chordia (The Appellant) respectfully craves leave to prefer an appeal under section 253(1)(a) of the Income-tax Act 1961 ('the Act') against the order passed by the learned Commissioner of Income-tax (Appeals)-National Faceless Appeal Centre dated 22 October 2025. The said impugned order is passed pursuant to an appeal filed by the Appellant against order dated 11 May 2023 passed under section 147 read with section 144 read with section 144B of the Act by the learned Assessing Officer.

In this regard, the Appellant wishes to raise the following grounds, which are independent of and without prejudice to each other:

1. Ground No 1: Approval obtained under section 151 of the Act from incorrect authority

1.1 *In the facts and circumstances of the case and in law, the learned AO erred in obtaining the approval from the learned Principal Commissioner of Income-tax-Pune-3 under section 151(i) of the Act while issuing the notice under section 148 of the Act dated 20 July 2022 instead of obtaining approval from the learned Principal Chief Commissioner of Income-tax under section 151(ii) of the Act as the impugned notice is issued after three years from the end of the relevant AY, hence the reassessment notice issued and consequential order passed may be quashed and set aside.*

2. Ground No 2: Copy of sanction obtained under section 151(i) of the Act not provided during the reassessment proceedings

Sachin Chordia



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2.1 In the facts and circumstances of the case and in law, the learned AO erred in not providing copy of sanction obtained under section 151(i) of the Act, hence the reassessment notice issued and the consequential order passed may be quashed and set aside.

3. Ground No 3: Reasons vaguely recorded as charge for taxing alleged cash deposit was not mentioned

3.1 In the facts and circumstances of the case and in law, the learned AO erred in recording reasons vaguely without mentioning the charge (i.e., section) under which the alleged cash deposit was to be taxed, vitiating the reassessment proceedings.

3. Both these appeals were heard together and are disposed by this common order. In this case for AY 2016-17 the assessee had filed Return of Income on 17/10/2016 declaring Total Income at Rs.11,41,070/-. Assessee had filed Original Return u/s 139 for AY 2017-18 declaring Total Income at 27,46,960/-.

4. The Assessing Officer had received information regarding deposits made by assessee in the account maintained with Shri. Renukamata Multi State Urban Credit Cooperative Society Ltd. Based on the information the AO issued notice u/s 148. The dates are as under :

	AY 2016-17	AY 2017-18
Order u/s 148A(d)	20/07/2022	21/07/2022



Notice u/s 148	20/07/2022	21/07/2022
Notice Approved by	Pr.CIT-3 Pune	Pr.CIT -3 Pune

5. Ld.AR pleaded that for AY 2016-17 and AY 2017-18 the Notices have been approved by Pr.CIT, whereas as per Section 151, after the lapse of three years from the end of the Assessment Year the Competent Authority was Pr.Chief Commissioner of Income Tax or equivalent. Ld.AR pleaded that hence the Notices are bad in law and hence consequential assessment order bad in law. Ld.AR relied on the decision of Hon'ble Bombay High Court and ITAT Pune filed in the paper book.

6. Ld.Departmental Representative filed written submission, which reads as under :

“Contention of the Revenue

3. During the hearing on 05.03.2022, Ld.AR has quoted the decision of Hon. SC in *Union of India vs Rajeev Bansal [2024] 469 ITR 46* in favour of the additional ground raised on issue sanctioning authority u/s 151. As per the Ld.AR, the notice u/s 148 was issued on 20.07.2022 for AY 2016-17 and AY 2017-18. Hence, in both cases, apparently more than three years have lapsed on date on issue of notice u/s 148 ie. 20.07.2022. On the face of it, the contention of the Ld.AR looks acceptable and apparent. However, it is pertinent to note here that the notices for AY 2016-17 and AY 2017-18, were not regular notices u/s 148 but were notices which were in pursuance of the decision of Supreme Court in *Union of India v. Ashish Agarwal [2022]444 ITR 1 (SC)* and are governed by the Supreme Court decisions in *Union of India v. Ashish Agarwal [2022]444ITR1(SC)* and *Union of India vs Rajeev Bansal[2024] 469 ITR 46*.



3.1 At the outset, it is pertinent to mention here that the Ld.AR has completely misinterpreted the decision of Hon. Supreme Court in Rajeev Bansal case (supra). Ld.AR had completely failed to understand the factual and legal matrix of Supreme Court decisions in Union of India v. Ashish Agarwal [2022]444ITR1(SC) and Union of India vs Rajeev Bansal [2024] 469 ITR 46. On the conjoint reading of the above decisions of Hon. Supreme Court, it is evident that all notices issued u/s 148 between July, 2022 and September, 2022 are nothing but substitution of the notices which were issued under TOLA between 1st April, 2021 and 30th June, 2021. Therefore, these notices deemed to have been issued before 30th June, 2021, within the extended and excluded time. Hence the sanctioning authority as prescribed u/s 151 of the Act is determined as if the approval is being sought before 30th June. This is apparent from the discussion in paras 73 to para 81 of the Rajeev Bansal case. Particularly, the example given in para 78 makes it clear that as far as notices u/s 148 for (AY 2016-17 &) AY 2017-18 issued in pursuance of the Ashish Agarwal case (supra) are considered, since their completion falls for completion during the period 20th March, 2020 to 30th June, 2021, the authority specified u/s 151 is the Commissioner of Income Tax. This view that for notices u/s 148 issued for AY 2016-17 & AY 2017-18 in pursuance of Ashish Agarwal case, the specified authority is the authority as per section 151(i) ie PCIT/CIT/DIT has been upheld by the Gujarat High Court in Dhanraj Govindram Kella vs ITO [2025] 177 taxmann.com 194 (Gujarat). Relying on Ashish Agarwal and Rajeev Bansal (supra), the Court held that all notices issued u/s 148 between July, 2022 and September, 2022 is nothing but substitution of the notices which were issued under TOLA between 1st April, 2021 and 30th June, 2021. High Court further supported its view by relying on the directions in the case of Rajeev Bansal to exclude the period from 30th June, 2021 till 4th May, 2022 i.e. the date of the decision in case of Ashish Agarwal and further exclusions of the time to provide relevant information and time taken to file responses. Based on this observations, Hon'ble High Court held that notices are nothing but substitution of original notices and therefore, deemed to have been issued before 30th June, 2021, within the extended and excluded time. Hence the sanctioning authority as prescribed u/s 151(i) of the Act is the correct authority to accord sanction for AY 2016-17 and AY 2017-18.

Detailed analysis of the Rajeev Bansal case with reference to the issue of sanctioning authority U/s 151

4. For understanding the decision of Rajeev Bansal case, it is imperative to understand the interplay of TOLA, changes brought



in the reassessment provisions by Finance Act, 2021 and the decision of Hon.Supreme Court in Union of India v. Ashish Agarwal [2022]444ITR1(SC)(Annexure-5).

Back ground of the Rajeev Bansal case

COVID and TOLA

4.1 In order to tide over the crisis created by COVID-19 Pandemic, the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 (TOLA), was promulgated by the President of India on 31 March 2020. The ordinance was introduced to extend time limits for various statutory and regulatory compliances under specified Acts, such as the Income Tax Act, which were due between 20 March 2020 and 29 June 2020. Initially, the time limit was extended until 30 June 2020. On 24 June 2020, the Central Government issued a notification under Section 3(1) of the TOLA Ordinance, further extending the deadline for compliance under the specified Acts to 31 March 2021. Later, on 29 September 2020, Parliament enacted TOLA, giving it retrospective effect from 31 March 2020. Section 3(1) of TOLA empowered the Central Government to extend these deadlines further, allowing compliance or completion of actions beyond 31 March 2021 by issuing subsequent notifications.

4.2 In pursuance of this, several notifications were issued to extend the deadlines. For instance, Notification No. 93 of 2020 extended the deadline to 30 March 2021, while Notification No. 20 of 2021 further extended it to 30 April 2021. Lastly, Notification No. 38 of 2021 extended the deadline until 30 June 2021. These extensions provided relief to taxpayers and authorities by extending the time limit for completing statutory actions such as passing orders, issuing notices, and obtaining sanctions under the Income Tax Act, covering the period from 20 March 2020 to 30 June 2021. Simply put the time limit for actions which were getting time barred during the period 20-03-2020 to 30-06-21 was extended to 30-06-21 by TOLA.

New Reassessment Regime

4.3 During the same period, the Finance Act 2021 introduced significant changes to the reassessment procedure under Sections 147 to 151 of the Income Tax Act, effective from 1 April, 2021 (The changes brought are hereinafter referred to “New Regime” and unamended provisions are referred to as “Old Regime”). These changes revamped the entire scheme of reassessment, aiming to make the process more structured and transparent. The key highlights of the new regime were

Opportunity before issue of notice u/s 148 :



a. Introduction of new Section 148A mandating that the assessing officer conduct an inquiry (if needed) and provide the assessee with an opportunity to be heard before issuing a reassessment notice.

Change in time Limit for Reassessments (Section 149):

b. The time limit for reopening assessments has been reduced from four years to three years. However, in cases where income that escaped assessment amounts to Rs.50 lakhs or more, assessments can be reopened within ten years. The new regime prohibits reopening of assessments that were time-barred under the old regime.

Change in specified authority

c. For cases within three years, approval is required from the Principal Commissioner or Commissioner, while for cases beyond three years, higher authorities such as the Principal Chief Commissioner or Director General must provide approval

Notice u/s 148 issued between 01.04.2021 and June 30,2021 under old regime

4.4 The notification issued by the Central Government under section 3(1) of TOLA contained an explanation that provisions of section 147 to 151 of the Act prior to April 1, 2021 (herein after referred to as "old regime") shall be applied to reassessment proceedings initiated under them between April 1,2021 and June 30,2021. Accordingly, Notification No.20 of 2021 dated March 31, 2021 [(2021) 432 ITR (St.) 141] and Notification No.38 of 2021 dated April 27,2021 [(2021) 434 ITR (St.)11] directed and permitted the Assessing Officers to apply the provisions of the old regime for reassessment notices to be issued after coming into force of the Finance Act, 2021 with amendment with effect from April 1, 2021. Hence, the reassessment notices were issued between April 1, 2021, and 30th June 2021 under the provisions of section 148 of the old regime for A.Y.2013-14 to A.Y. 2017-18.

4.5 The assessee challenged such notices issued after 1st April, 2021 for reassessment on the ground that such notices could not have been issued under the old regime in view of coming into force of amendment brought by the Finance Act, 2021. Various High Courts allowed the writ petitions filed by the assessee and quashed all the reassessment notices issued between April 1, 2021 and June 30, 2021 under section 148 of the Act under the old regime on the ground that no such notices could have been issued under the provisions of section 147 to 151 of the Act which are not in existence after April 1, 2021 and there was no saving clause which could have been resorted to by the Revenue and the reassessment proceedings could have been initiated as per the



amended provisions of sections 147 to 151 of the Act after April 1, 2021 (herein after referred to as “new regime”) since they were remedial, beneficial and meant to protect the rights and interests of the assesses. Being aggrieved by the decisions of various High Courts, the Income tax Department challenged the same before the Apex Court.

Decision in case of Ashish Agarwal

5.1 The Hon’ble Apex Court in case of Ashish Agarwal(supra) vide order dated 04.05.2022 held that it was in complete agreement with the view taken by various High Courts. However, the Hon’ble Apex Court considering the stand of the Revenue that the reassessment notices were issued under bona fide belief that amendment may not yet have been enforced in view of TOLA, exercised the discretionary jurisdiction under Article 142 to strike a balance between the interest of Revenue and the assessee and directed that such notices issued between April 1, 2021 and June 30, 2021 under the old regime be deemed to be notices under the new regime as provided under section 148A(b) of the Act.

Notice u/s 148 issued between July & Sept.,2022 in pursuance of Ashish Agarwal

5.2 In compliance of the aforesaid directions issued by the Apex Court, the Central Board of Direct Taxes issued an Instruction on May 11, 2022, [(2022) 444 I.T.R. (St.) 43] (see Annexure-1 of Legal Paper Book) which reads as under:

“6.1 With respect of operation of new section 149 of the Act, the following may be seen: Hon'ble Supreme Court has held that the new law shall operate and all the defences available to assesseees under section 149 of the new law and whatever rights are available to the Assessing Officer under the new law shall continue to be available. Sub-section (1) of new section 149 of the Act as amended by the Finance Act,2021 (before its amendment by the Finance Act, 2022) reads as under:-

149. (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 asset, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more for that year:

Provided that no notice under section 148 shall be issued at any time in a case for the relevant assessment year beginning on or

before 1st day of April, if such notice could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section, as they stood immediately before the commencement of the Finance Act, 2021:

6.2 Hon'ble Supreme Court has upheld the views of High Courts that the benefit of new law shall be made available even in respect of proceedings relating to past assessment years. Decision of Hon'ble Supreme Court read with the time extension provided by TOLA will allow extended reassessment notices to travel back in time to their original date when such notices were to be issued and then new section 149 of the Act is to be applied at that point.

Based on above, the extended reassessment notices are to be dealt with as under:

(i) AY 2013-14, AY 2014-15 and AY 2015- 16: Fresh notice under section 148 of the Act can be issued in these cases, with the approval of the specified authority, only if the case falls under clause (b) of sub-section (1) of section 149 as amended by the Finance Act, 2021 and reproduced in paragraph 6.1 above. Specified authority under section 151 of the new law in this case shall be the authority prescribed under clause (ii) of that section.

(ii) AY 16-17, AY 17-18: Fresh notice under section 148 can be issued in these cases. with the approval of the specified authority, under clause (a) of sub-section (1) of new section 149 of the Act, since they are within the period of three years from the end of the relevant assessment year. Specified authority under section 151 of the new law in this case shall be the authority prescribed under clause (i) of that section.”

5.3 The assessing officers accordingly considered the replies furnished by the assesseees and passed orders under section 148A(d). Subsequently, notices under section 148 of the new regime were issued to the assesseees by the assessing officers between July and September 2022 for the assessment years 2013-2014, 2014-2015, 2015-2016, 2016-2017, and 2017-2018.

Challenge to the notices issued in pursuance of Ashish Agarwal (supra)

6.1 These notices, issued in pursuance of Ashish Agarwal between July to September, 2022,(hereinafter referred to as Ashish Agarwal notice/s u/s 148 in this submission)were challenged before several High Courts. The High Courts declared the notices to be invalid on the ground that they were: (i) time-barred; and (ii)issued without the appropriate sanction of the specified authority. Since, the main issue in the case of the assessee in this case for AY 2016-17 is of appropriate sanctioning



authority , we will focus on controversy surrounding the issue of appropriate sanctioning authority will the example of decision of Bombay High Court in the case of Siemens Financial Services (P) Ltd. Vs. DCIT [2023] 154 taxmann.com 159 (Bombay). In this case, the Bombay high court declared an Ashish Agarwal notice u/s 148 for AY 2016-17 issued with the prior approval of PCIT.

Analysis of Siemens Financial Services (P) Ltd. Vs. DCIT (supra)

Facts of Siemens Financial case

6.2 In this case, original notice u/s 148 for AY 2016-17 was issued of 25.06.2021. Thereafter, in pursuance of Ashish Agarwal decision (supra), vide notice/letter dated 31-05-2022, the notice u/s 148 dated 25-06-2021 was converted to notice u/s 148A(b) and material and information relied upon by the AO for issue of deemed notice u/s 148A(b) was supplied to the assessee. Subsequently, order u/s 148A(d) was passed and notice u/s 148 was issued on 31-07-2022 after seeking approval from PCIT u/s 151(i).

6.3 The notice u/s 148 was challenged in writ before the Hon. Bombay High Court , inter alia, on ground that the approval was granted by wrong specified authority u/s 151. The contention of the assessee which is reproduced in para 11 (c), 11(d), 11(e) and 11(f) of the order. The contention can be summarized as under

(i) As per section 151 of the Act, the specified authority who has to grant his sanction for the purposes of section 148 and section 148A is the Principal Chief Commissioner or Principal Director General/Principal Chief Commissioner /Principal Director General/ the Chief Commissioner / Director General if more than three years have elapsed from the end of the relevant assessment year.

(ii) For A.Y.-2016-2017, three years elapsed on 31st March 2020 and hence for passing order u/s 148A(d) and issue of notice u/s 148, the provisions of section 151(ii) of the Act would have to be fulfilled, which have not been complied with.

(iii) In this case, for passing order u/s 148A(d) and issue of notice u/s 148 prior approval of PCIT has been taken from PCIT under section 151 (i) of the Act. Such sanction would be bad in law as the AO should have complied with section 151(ii) and not section 151(i) of the Act. Hence, PCIT cannot be a specified authority as per section 151 of the Act.

(iv) The AO cannot rely on the provisions of the Taxation and other laws (Relaxation and Amendment of certain provisions) Act, 2020 (TOLA) and the notification issued thereunder as section



151 of the Act has been amended by Finance Act 2021 and the provisions of amended section would have to be complied with by respondent no. 1, w.e.f. 1st April 2021. Hence, as the sanction of the specified authority has not been obtained, the impugned order and impugned notice both dated 31st July 2022 are bad-in-law and should be quashed and set aside.

6.4 The revenue relied on the CBDT Instruction dated 01/2022 (see Annexure-1 of Legal Paper Book) wherein it has stated in para 6.1 that decision of Hon'ble Supreme Court in Ashish Agarwal case (supra) read with the time extension provided by TOLA will allow extended reassessment notices to travel back in time to their original date when such notices were to be issued and then new section 149 of the Act is to be applied at that point. The CBDT instruction, further in para 6.2, states that for AY 16-17 and AY 17-18 fresh notices under section 148, with the approval of the specified authority, under clause (a) of sub-section (1) of new section 149 of the Act, since they are within the period of three years from the end of the relevant assessment year. Specified authority under section 151 of the new law in this case shall be the authority prescribed under clause (i) of that section.”

6.4.1 The thrust of the argument of the revenue was that the notices u/s 148 issued in pursuance of Ashish Agarwal case (supra), though issued in the period from July to September, 2022, due to legal fiction created by the Hon. Supreme Court have to be considered as nothing but substitution of the notices which were issued under TOLA by the Income tax department between 01.04.2021 to 30.06.2021. Hence, it would not be correct to consider that the notice as if it is issued in July, 2022 and then calculate the period for determining sanctioning authority. In case of the assessee, the period that has elapsed is three years or less than three years because the assessment year is AY-2016-2017, as provided under section 3 of TOLA and extended by Notification dated 31st March 2020 and subsequently until 31st March 2021, the three years would have expired on 31st March 2020 and has got extended till 30th June 2021. The provisions of TOLA read with judgment of the Apex Court in Ashish Agarwal case (supra), the sanction has been rightly granted by the Principal Commissioner and there is no violation of Section 151 of the Act as alleged or at all.

6.5 Hon. High Court rejected the contention of the revenue. It rejected the interpretation of CBDT circular No.01/2022 that extended reassessment notices will travel back in time. Hon High Court held that interpretation placed by the CBDT in paragraph 6.1 of Instruction No. 1/2022 dated 11th May 2022 cannot be



countenanced as it is not open to them to clarify that the law laid down by the Apex Court means that the extended reassessment notices will travel back in time to their original date when such notices were to be issued...(para 28). It further held that the CBDT in Instruction no. 1/2022 at paragraph 6.2(ii) has wrongly stated that the notices issued under section 148 of the Act for AY 2016-17 are to be considered as having been issued within a period of three years from the end of the relevant assessment year and, on that basis, has wrongly mentioned that the approval of the specified authority under section 151(i) should be taken. This conclusion is premised on the basis that these notices travel back to 31 March 2020 which premise is completely erroneous as explained hereinbefore. The notice under section 148 of the Act is issued on 31 July 2022 and, hence, is issued beyond period of three years from the end of the relevant assessment year and, accordingly, the approval of the specified authority under section 151(ii) of the Act should be taken. (para 29). In view of the above, the High Court quashed the notices.

Analysis of the decision in Rajeev Bansal case with regard to the issue of sanctioning authority

7. *In many case, notices for AY 2016-17 and AY 2017-18 were quashed following the ratio of the Siemens (supra) on the issue of wrong sanctioning authority u/s 151. The Revenue moved the Apex Court aggrieved by the decisions of High Courts on various issuing related to these Ashish Agarwal notices , including on the issue of wrong sanctioning authority. The Hon.Supreme Court bunched all these cases and decided them in Union of India vs Rajeev Bansal[2024] 469 ITR 46(Annexure-3 of the Legal Paper Book). The decision of Bombay High Court in Siemens (supra) was one of the cases which were reviewed by the Supreme Court in Rajeev Bansal. The Hon'ble Apex Court crystalised following two issues in the present appeal. (para 18 of the SC order)*

a) *Whether TOLA and notifications issued under it will also apply to reassessment notices issued after 1 April 2021; and*

b) *Whether the reassessment notices issued under section 148 of the new regime between July and September 2022 are valid.*

7.1. *The Supreme Court decided the issue of sanctioning authority in paras 73 to para 81 in the favour of revenue. The Hon.Supreme Court reviewed the decision of Hon.Bombay High Court in Siemens (supra) and set it aside (see para 115 of the Supreme Court order). The Hon. Supreme Court held that Parliament enacted TOLA to ensure that the interests of the Revenue are not defeated because the assessing officer could not comply with the pre conditions due to the difficulties that arose during the COVID-19 pandemic. Section 3(1) of TOLA relaxes the*



time limit for compliance with actions that fall for completion from 20 March 2020 to 31 March 2021. TOLA will accordingly extend the time limit for the grant of sanction by the authority specified under section 151. Hon. Supreme Court , further, held that the test to determine whether TOLA will apply to Section 151 of the new regime is that: if the time limit of three years from the end of an assessment year falls between 20 March 2020 and 31 March 2021, then the specified authority under section 151(i) has an extended time till 30 June 2021 to grant approval. (para 77).

7.2 To further clarify the position, Hon. Supreme Court in para 78 has given an example, the relevant portion is reproduced here

“78. For example, the three year time limit for assessment year 2017-2018 falls for completion on 31 March 2021. It falls during the time period of 20 March 2020 and 31 March 2021, contemplated under section 3(1) of TOLA. Resultantly, the authority specified under section 151(i) of the new regime can grant sanction till 30 June 2021.”

7.3 Hon. Supreme Court also upheld the legal fiction created by Ashish Agarwal (supra) and the concept of travelling back in time espoused by the CBDT Instruction 01/2022 (This concept was repudiated by the Hon. Bombay High Court in Siemens Financial Services (P) Ltd. Vs. DCIT (supra)). The relevant paras are reproduced here

110. The effect of the creation of the legal fiction in Ashish Agarwal (supra) was that it stopped the clock of limitation with effect from the date of issuance of Section 148 notices under the old regime [which is also the date of issuance of the deemed notices]. As discussed in the preceding segments of this judgment, the period from the date of the issuance of the deemed notices till the supply of relevant information and material by the assessing officers to the assesses in terms of the directions issued by this Court in Ashish Agarwal (supra) has to be excluded from the computation of the period of limitation. Moreover, the period of two weeks granted to the assesses to reply to the show cause notices must also be excluded in terms of the third proviso to Section 149.

111. The clock started ticking for the Revenue only after it received the response of the assesses to the showcauses notices. After the receipt of the reply, the assessing officer had to perform the following responsibilities: (i) consider the reply of the assessee under section 149A(c); (ii) take a decision under section 149A(d) based on the available material and the reply of the assessee; and (iii) issue a notice under section 148 if it was a fit case for reassessment. Once the clock started ticking, the assessing officer was required to complete these procedures



within the surviving time limit. The surviving time limit, as prescribed under the Income-tax Act read with TOLA, was available to the assessing officers to issue the reassessment notices under section 148 of the new regime.

112. Let us take the instance of a notice issued on 1 May 2021 under the old regime for a relevant assessment year. Because of the legal fiction, the deemed show cause notices will also come into effect from 1 May 2021. After accounting for all the exclusions, the assessing officer will have sixty-one days [days between 1 May 2021 and 30 June 2021] to issue a notice under section 148 of the new regime. This time starts ticking for the assessing officer after receiving the response of the assessee. In this instance, if the assessee submits the response on 18 June 2022, the assessing officer will have sixty-one days from 18 June 2022 to issue assessment notice under section 148 of the new regime. Thus, in this illustration, the time limit for issuance of a notice under section 148 of the new regime will end on 18 August 2022.”

7.4 The example given in para 112 of the order clearly upholds the stand of the revenue that Ashish Agarwal notices issued between July to September, 2022 have to be considered as issued between 01.04.2021 to 30.06.2021. Thus, the sanctioning authority is also to be determined as if notices were issued under the TOLA period. Thus, sanctioning authority for AY 2016-17 & AY 17-18 would be PCIT as per section 151 (i).

Decision of Gujarat High Court in Dhanraj Govindram Kella vs ITO [2025] 177 taxmann.com 194 (Gujarat)

7.5 Even after the decision of Supreme Court in Rajeev Bansal (supra), the issue of wrong sanctioning authority based on logic of Siemens (supra) was raised in some cases. One such as heard by Gujarat High Court in Dhanraj Govindram Kella vs ITO [2025] 177 taxmann.com 194 (Gujarat) (Annexure-1 of this Paperbook). Here the Hon. High Court undertook a detailed survey of the legislative background, including TOLA, the Finance Act 2021, and CBDT notifications. It observed that while TOLA extended timelines, it could not authorise use of the old sanction regime after 1 April 2021. Relying on Ashish Agarwal and Rajeev Bansal (supra), the Court held that all notices issued u/s 148 between July, 2022 and September, 2022 is nothing but substitution of the notices which were issued under TOLA between 1st April, 2021 and 30th June, 2021. High Court further supported its view by relying on the directions in the case of Rajeev Bansal to exclude the period from 30th June, 2021 till 4th May, 2022 i.e. the date of the decision in case of Ashish Agarwal and further exclusions of the time to provide relevant information



and time taken to file responses. Based on this observations, Hon'ble High Court held that notices are nothing but substitution of original notices and therefore, deemed to have been issued before 30th June, 2021, within the extended and excluded time. Hence the sanctioning authority as prescribed u/s 151(i) of the Act is the correct authority to accord sanction. (paras 59 to 64 of the order).

Conclusion :

8. *To conclude, it is emphasised that*

a. *Notices issued u/s 148 for AY 2016-17 & AY 2017-18 on 20.07.2022 were not regular notices but were but were notices which were in pursuance of the decision of Supreme Court in Ashish Agarwal (Supra) and are governed by these Supreme Court decisions.*

b. *The Hon. Court in Rajeev Bansal (supra) held that all such notices issued u/s 148 between July,2022 and September, 2022 is nothing but substitution of the notices which were issued under TOLA between 1st April,2021 and 30th June, 2021.*

c. *Further, the Hon. Court in Rajeev Bansal (supra) , in para 77 and 78 of its order, has held that since all such notices were deemed to be issued u/s 148 between 1st April,2021 and 30th June, 2021, the sanctioning authority is also to be determined as if notices were issued 1st April,2021 and 30th June, 2021. Thus, sanctioning authority for AY 2016-17 & AY 17-18 would be as per section 151 (i) (AY 2016-17 and 17-18 would be within 3 years of 31.03.2021)i.e is the PCIT.*

d. *Hon. Supreme Court in Rajeev Bansal (supra) upheld the legal fiction created by Ashish Agarwal (supra) and the concept of travelling back in time espoused by the CBDT Instruction 01/2022. Hon. Supreme Court in Rajeev Bansal (supra) had set aside the order of Hon.Bombay High Court in Siemens Financial Services (P) Ltd. Vs. DCIT (supra)) which had repudiated the concept of travelling back in time (para 115 of the Rajeev Bansal case).*

8.1 *In view of the above discussion, the appropriate specified authority for sanctioning notice u/s 148 for AY 2016-17 and AY 2017-18 , in special Ashish Agarwal notices u/s 148, as per section 151(i) is PCIT. This view is fortified by the decision of Supreme Court in Rajeev Bansal (supra) and Dhanraj Govindram Kella (supra). Hence, it is prayed that the additional ground raised by the assessee may kindly be dismissed and reassessment proceedings may kindly be upheld.”*



7. We have perused the Notices u/s 148 and Order u/s 148A(d) and noted that both have been approved by Pr.CIT-3 Pune for AY 2016-17 and AY 2017-18.

8. Hon'ble Bombay High Court in the case of Ramesh Bachulal Mehta vs ITO 177 taxmann.com 606 Writ Petition No.271 of 2023, for AY 2016-17, vide order dated 11 August 2025 held as under :

Quote, "11. Non-compliance by Respondent No.1 with the provisions contained in Section 148A(d) read with Section 151(ii) vitiates the jurisdiction of the Respondent No. 1 to issue a notice under Section 148 of the Act.

12. We are clearly of the view that the present matter stands covered by the decision of Hon'ble Supreme Court in the case of UPI v. Rajeev Bansal (supra). We accordingly hold that the order dated 13.07.2022 passed under Section 148A(d) of the Act and the consequential notice issued under section 148 dated 15.07.2022 are bad in law for being violative of the provisions of Section 151(ii) of the Act. Hence they are required to be quashed and set aside.

13. We, accordingly, set aside the impugned order dated 13.07.2022 passed under section 148A(d), the Notice issued under Section 148 and all other proceedings/orders emanating therefrom and allow the writ Petition in terms of Prayer Clause (a) of the petition.

14. Rule is made absolute in the aforesaid terms and the Writ Petition is also disposed of in terms thereof. No order as to costs" Unquote.

9. Hon'ble Madras High Court in the case of Core Logistic Co vs ACIT [2025] 175 taxmann.com 453 (Madras)[05-06-2025 held as under for AY 2016-17:

Quote, "8. At this juncture, it would be relevant to extract the provision of Section 151, which is as follows: "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."

9. A perusal of Section 151(i) would show that, the specified authority for the purpose of issuing notice under Section 148 within a period of three years from the end of the relevant assessment year is, the Principal Commissioner or Principal Director or Commissioner or Director. Further, in terms of provision of Section 149, three year time period is fixed for issuance of 148 notice, in the event of the amount is below 50 lakhs. In the present case, the amount involved is Rs.3,65,09,748/-, which is more than 50 lakhs. 148 notice was issued on 25.07.2022, which is beyond the period of three years. So admittedly, the approval has to be obtained from the Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General as defined under Section 151(ii). But, in the present case, the approval was obtained from the Principal Commissioner in terms of Section 151(i) and no approval was obtained before issuance of 148 notice in terms of provision of Section 151(ii), which is mandatory. Therefore, the notice under Section 148 was issued in the present case in violation of provision of Section 151(ii) of the Income Tax Act. In view thereof, the initiation of proceedings itself is without any jurisdiction. Hence, the same is liable to be quashed.

10. Accordingly, the impugned proceedings of the 3rd respondent dated 30.05.2023 is hereby quashed" Unquote.

10. Hon'ble Bombay High Court in the case of Alag Property Construction Pvt Ltd [2025] 179 taxmann.com 578 (Bombay)[08-09-2025] has held as under :

Quote, "9. In the present case, the period of three years from the end of the A.Y. 2017-18 fell for completion on 31st March 2021. As the expiry date fell during the time period of 20th March 2020 and 31st March 2021, under Section 3(1) of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (for short "TOLA"), the authority specified under Section 151(i) of the new regime could have granted sanction only till 30th June 2021.

10. On perusal of the order dated 18.08.2022, passed under Section 148A(d) of the Act we find that the aforesaid order was passed after taking approval from Principal Commissioner of Income Tax (Respondent No.2). Since the aforesaid order was passed, as well as the notice under section 148 was issued, after the expiry of three years from the end of A.Y. 2017-18, as per the substituted provisions of re-



assessment, the authority specified under Section 151(ii) of the Act (i.e. Principal Chief Commissioner or Chief Commissioner) was required to grant approval. Accordingly, we conclude that in the present case, the approval has been obtained from the authority specified under Section 151(i) of the new regime instead of the authority specified under Section 151(ii) of the new regime.

11. The Hon'ble Supreme Court in the above case has drawn an illustration in para 78 of its order in the context of A.Y. 2017-18 (which is also the relevant Assessment year in the present Writ Petition) wherein it is categorically held that the authority specified under section 151(i) can accord sanction only upto 30.06.2021. This illustration makes it absolutely clear that when the period of three years from end of relevant Assessment Year expired between 20.03.2020 and 31.03.2021, the extension by virtue of TOLA was upto 30.06.2021 and not beyond. Thus, it can be said that the period of three years from the end of the relevant Assessment Year (in the present case A.Y. 2017-18) expired on 30.06.2021, whereas Respondent No.1, despite passing order under section 148A(d) on 18.08.2022, and issuing notice under section 148 on 23.08.2022 [in respect of Assessment Year 2017-18], has obtained approval of Respondent No.2 who is not the authority as prescribed under section 151(ii).

12. Non-compliance by Respondent No.1 with the provisions contained in Section 148A(d) read with Section 151(ii) vitiates the jurisdiction of Respondent No.1 to issue a notice under Section 148 of the Act.

13. We are clearly of the view that the present matter stands covered by the decision of Hon'ble Supreme Court in the case of Rajeew Bansal (supra) and we are bound by it. Accordingly, we hold that the order dated 18.08.2022 passed under Section 148A(d) of the Act and the consequential notice issued under section 148 dated and 23.08.2022 are bad in law, and hence, are required to be quashed and set aside.

14. We accordingly set aside the impugned order dated 18.08.2022 passed under Section 148A(d) of the Act and the consequential notice issued under section 148 dated 23.08.2022, and all other proceedings/orders emanating therefrom.

15. Rule is made absolute in the aforesaid terms and the Writ Petition is also disposed of in terms thereof. **"Unquote**

11. ITAT Mumbai in the case of Arvindbhai Khatri Sons Designs (P.) Ltd vs ACIT [2026] 183 taxmann.com 118 (Mumbai - Trib.) has held as under :

Quote " 6. We have heard the rival submissions and carefully considered the materials placed before us. We are of the considered



view that once a notice u/s. 148 is sought to be issued after 31.03.2021, the provisions regarding reopening, including those relating to the 'specified authority' for approval come into force. Since first notice in this case was issued on 29.06.2021 and the order u/s. 148A(d) was passed on 29.07.2022, the limited issue for consideration is that since more than 3 years have elapsed from the end of the relevant assessment year i.e A.Y. 2017-18, whether the specified authority to grant sanction for issue of notice in this case is Pr. CIT or PCCIT/CCIT.

In this regard, the relevant provisions of section 151 are as under:

"151. Sanction for issue of notice. 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 where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant assessment year.]"

6.1 Thus, in view of the legal provisions, clearly the sanctioning authority in this case is the Pr. CCIT/CCIT and not the Pr. CIT as more than three years have elapsed from the end of the assessment year. Thus we hold that the notice u/s. 148 in this case was issued without the approval of the prescribed specified authority and hence deserves to be quashed on this ground alone.

6.2 Grant of sanction by the appropriate authority is a precondition for the Assessing Officer to assume jurisdiction under section 148 to issue a reassessment notice. Section 151 of the new regime does not prescribe a time limit within which a specified authority has to grant sanction. Rather, it links up the time limits with the jurisdiction of the authority to grant sanction. Section 151(ii) of the new regime prescribes a higher level of authority if more than three years have elapsed from the end of the relevant assessment year. Thus, noncompliance by the AO with the strict time limits prescribed under Section 151 affects their jurisdiction to issue a notice under section 148. Thus, the order dated 29.07.2022 passed u/s. 148A(d) and consequential notice u/s. 148 were violative of the provisions of section 151(ii) of the Act as sanction could only be accorded by the higher specified authority for notices issued beyond three years from the end of the relevant assessment year. Accordingly, we quash the notice issued u/s 148 of the Act as invalid and ab initio void. Thus, the ground no.1 of the assessee's appeal is allowed.

7. Since we have quashed the reassessment notice, other grounds on merit are rendered academic and hence are not being adjudicated upon. 8. In the result, appeal of the assessee is allowed" Unquote



12. ITAT Pune in the case of Manish Bhuta vs ITO ITA 1503/PUN/2025 has held as under :

Quote, “6. Now examining the facts of the instant case, in the light of the above judgement I notice that the notices u/s 148 of the Act for carrying out the reassessment proceedings for A.Y. 2017-18 has been issued on 20.07.2022. Also the first notice u/s 148A(b) has been issued on 26.05.2022. Therefore the notices u/s 148 of the Act has been issued after three years from the end of the Assessment Year. Now since the notice has been issued after three years from the end of A.Y. 2017-18, Ld. AO is required to take approval u/s 151 of the Act from Principal Chief Commissioner, Income Tax and other Officers mentioned in section 151(ii). However Ld. AO in the instant case has taken the approval from the authorities mentioned in section 151(i) of the Act i.e. from Principal Commissioner of Income Tax and such approval is valid only if the notice u/s 148 of the Act has been issued in less than three years from the end of relevant A.Y. I therefore find that Ld. AO has not taken a valid approval as provided in section 151 of the Act and in absence of such valid approval the notice issued u/s 148 of the Act is without jurisdiction, bad in law and is in violation in provisions of section 151(ii) of the Act. Therefore the initiation of the reassessment proceedings in the instant case is without any jurisdiction and therefore such proceedings are quashed. The legal issue raised in ground No. 1 in assessee’s appeal is allowed. Dealing with the remaining grounds would be nearly academic in nature as the reassessment proceedings have already been quashed and impugned additions deleted. Grounds of appeal raised by the assessee are allowed as per terms indicated above.” Unqote.

13. Similarly ITAT Pune in ITA 1882/PUN/2024 has allowed the Cross Appeal 35/PUN/2024 of the assessee on the issue of approval by PCIT for AY 2016-17.

14. We have considered the submission of Commissioner of Income Tax (DR) Mr. Amit Bobade. However, we are not convinced by the arguments as on identical facts Hon’ble



Jurisdictional High Court (supra) has quashed the Notices. Similarly Hon'ble Madras High Court has also quashed the Notices. We are bound by decision of Hon'ble Jurisdictional High Court. In the case of the Assessee Order u/s 148A(d) and Notice u/s 148 for AY 2016-17 and AY 2017-18 were issued on 21/07/2022, i.e. after a lapse of three years from the end of the assessment year, hence as per section 151 of the Income Tax Act approval of Pr.Chief Commissioner of Income Tax or Chief Commissioner of Income Tax or equivalent was required, but in the case of the Assessee , it has been approved by Pr.Commissioner of Income Tax -Pune. Hence, these Notices u/s 148 and Order u/s 148A(d) has not been approved by the competent authority mentioned in the section 151 of Income tax Act 1961, which goes to the root of the approval. Therefore, respectfully following Hon'ble Jurisdictional High Court (supra), Hon'ble Madras High Court, ITAT Mumbai, ITAT Pune, we hold that the impugned Notice u/s 148 for AY 2016-17 and AY 2017-18 are bad in Law and accordingly quashed. Therefore, the consequential assessment order for AY 2016-17 and AY 2017-18 are bad in law.

15. Accordingly, one of the legal ground raised by the assessee is allowed for AY 2016-17 and AY 2017-18.



16. Accordingly, appeal of the assessee is partly allowed as we do not intend to adjudicate other grounds raised by the assessee.

Order pronounced in the open Court on 30th March, 2026.

Sd/-
(ASTHA CHANDRA)
JUDICIAL MEMBER

Sd/-
(DIPAK P.RIPOTE)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 30th March, 2026/ *Sujeet*

आदेशकीप्रतिलिपिअग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT, concerned.
4. विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, "बी" बेंच, पुणे / DR, ITAT, "B" Bench, Pune.
5. गार्डफ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// TRUE COPY //

Assistant Registrar
आयकर अपीलीय अधिकरण, पुणे/ITAT, Pune.