

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

BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT

आ.अपी.सं / **ITA No.2174/Hyd./2025**
Assessment Year 2017-2018

Banda Prakash, WARANGAL – 506001. Telangana. PAN AGCPB8775F	vs.	The Income Tax Officer, Ward-1, WARANGAL. PIN - 506 002. Telangana
(Appellant)		(Respondent)

For Assessee :	Sri A Vamseedhar
For Revenue :	MS P Sumitha, Sr. AR

Date of Hearing :	01.04.2026
Date of Pronouncement :	08.04.2026

आदेश / ORDER

This appeal by the Assessee is directed against the Order dated 08.10.2025 of the learned Addl./JCIT(A)-1, Nashik, for the assessment year 2017-2018.

2. The assessee has raised the following grounds of appeal:

1. *“The learned Assessing Officer ("AO") erred in law in assuming jurisdiction to frame the assessment u/s 143(3), as the scrutiny notice dated 14.08.2018 was not issued in the mandatory revised formats prescribed by CBDT Instruction*

F.No.225/157/2017/ITA-II dated 23.06.2017, and failed to specify whether the case was selected for Limited, Complete or Manual Scrutiny. The notice being invalid, the consequential assessment is void ab initio and liable to be quashed.

- 2. The Ld. AO acted contrary to binding CBDT instructions u/s 119, which mandatorily require issuance of scrutiny notices only in the revised formats. The defect being jurisdictional goes to the root of the assessment and is not curable.*
- 3. This ground, though not raised before Ld. AO and CIT(A), is a pure question of law fully arising from the assessment record and is, therefore, admissible under NTPC v. CIT (229 ITR 383) and the principle affirmed in Anita Garg v. ITO, ITA 4053/Del/2024.*
- 4. That both the Ld. AO and Ld. CIT(A) erred in rejecting the books of account without identifying specific defects and in estimating income at 3% of cost of goods put to sale, resulting in an unwarranted addition of ₹.8,27,378. The estimation is arbitrary, excessive, and not supported by comparable cases or cogent material.*
- 5. That both the Ld. AO and Ld. CIT(A) erred in making addition of ₹.9,54,000 u/s 69A, even though: the entire SBN cash of ₹.31,54,000 was recorded in the cash book, the AO accepted closing cash balance of ₹34,90,297 as on 08.11.2016, deposits were made in stages only because banks refused large deposits in go. Deposits made in tranches due to*

banking constraints cannot be treated as unexplained. The addition is contrary to facts and law.

6. *Without prejudice, once Ld. AO having rejected the books of account for estimating income, the AO could not legally rely on the same books to conclude that deposits of ₹9,54,000 were "unexplained." And the Ld. CIT(A) erred in ignoring facts placed before him. It is settled law that estimation of profits and specific additions based on the rejected books cannot co-exist.*
 7. *That the AO erred in treating staggered deposits as suspicious, ignoring that RBI permitted deposits until 30.12.2016 and no evidence was brought to contradict the appellant's explanation. That both the Ld. AO and Ld. CIT(A) erred in not considering the appellant's detailed submissions, bank statements, cash book, and cash-flow analysis, rendering the findings perverse and unsustainable.*
 8. *Without prejudice, even if estimation is upheld, no separate addition u/s 69A is legally permissible, as the estimation subsumes all alleged discrepancies.*
 9. *That the appellant craves leave to add, alter, modify, or withdraw any of the above grounds at the time of hearing in the interest of justice."*
3. Ground nos.1 to 3 are regarding validity of the notice issued by the Assessing Officer u/sec.143(2) of the

Income Tax Act [in short "the Act"], 1961 and consequently, the assessment order passed by the Assessing Officer.

4. The learned Authorised Representative of the Assessee has submitted that this issue raised by the assessee in ground nos.1 to 3 is purely legal in nature and does not require any investigation or verification of any new facts or material. Therefore, he has submitted that these grounds raised by the assessee for the first time before the Tribunal may be admitted for adjudication. In support of his contention, he has relied upon the Order of the Hon'ble Supreme Court in the case of **National Thermal Power Co. Ltd. vs. CIT [1998] 229 ITR 383 (SC)**.

5. On the other hand, the learned DR has objected to the admission of the additional grounds raised by the assessee.

6. I have considered the rival submissions as well as the relevant material on record. The assessee has raised the additional grounds and challenged the validity of the notice issued u/sec.143(2) of the Act on the ground that the

Assessing Officer has failed to specify the scope of scrutiny and nature of scrutiny whether it is for limited or complete scrutiny or manual scrutiny. The issue raised by the assessee in the additional grounds challenging the validity of notice issued u/sec.143(2) of the Act by the Assessing Officer being not in accordance with the CBDT Instruction in File No.225/157/2017, dated 23.06.2017 whereby the CBDT has issued specific directions and also prescribed the Format of the notice to be issued u/sec.143(2) of the Act in respect of the cases selected for scrutiny under CASS as well as compulsory manual scrutiny. Therefore, the legal issue raised by the assessee is purely legal in nature and adjudicated on the basis of the material available on record and no fresh facts or material is required to be verified or scrutinised. Hence, the additional grounds raised by the assessee are admitted for adjudication. Since the issue raised by the assessee in the additional grounds is legal in nature and goes to the root of the matter, therefore, the additional grounds are taken up for adjudication.

7. The learned Authorised Representative of the Assessee has submitted that the Assessing Officer taken up the case of the assessee for scrutiny by issuing notice u/sec.143(2) of the Act dated 14.08.2018. However, in the said notice, the Assessing Officer has not specified whether the scrutiny is for limited scrutiny or complete scrutiny. Thus, the learned Authorised Representative of the Assessee has submitted that the notice issued by the Assessing Officer without specifying the scope of scrutiny is invalid as against the CBDT's Instruction dated 23.06.2017. The learned Authorised Representative of the Assessee has pointed out that the Instructions of the CBDT are binding on the Tax Authorities as per sec. 119 of the Act and therefore, not following the Instruction of the CBDT renders the notice issued u/sec.143(2) of the Act as invalid and also vitiates the assessment order passed by the Assessing Officer. In support of his contention, he has relied upon the following decisions:

- i. Order of ITAT, Delhi Bench in the case of Anita Garg vs. ITO ITA.No.4053/Del./2024, dated 30.07.2025.

- ii. Order of ITAT, Delhi Bench in the case of Agson Global Pvt. Ltd., New Delhi vs. ACIT, Central Circle-28, New Delhi in ITA.Nos.3741/Del./2019 etc. batch, dated 31.10.2019.

8. On the other hand, the learned DR has submitted that the Assessing Officer has specified the selection of scrutiny under CASS in the notice issued u/sec.143(2) of the Act and since it is complete scrutiny, therefore, there was no need to write limited scrutiny. This fact is also stated by the Assessing Officer in the assessment order. Thus, the learned DR has submitted that once the Assessing Officer has stated in the notice u/sec.143(2) of the Act as scrutiny under CASS, then it is clear that the case was selected for complete scrutiny and not for limited scrutiny. Therefore, there is no illegality in the notice issued u/sec.143(2) of the Act.

9. I have considered the rival submissions as well as relevant material on record. The case of the assessee was selected for scrutiny for issuing notice u/sec.143(2) of the Act dated 14.08.2018 as under:



भारत सरकार/ **GOVERNMENT OF INDIA**
 वित्त मंत्रालय/ **MINISTRY OF FINANCE**
 आयकर विभाग/ **INCOME TAX DEPARTMENT**
OFFICE OF THE INCOME TAX OFFICER
WARD 3,WARANGAL

सेवा में/ To, PRAKASH BANDA #16-3-302 ,SUBASH ROAD WARANGAL WARANGAL 506002 ,Telangana India	
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स्थायी लेखा संख्या/ PAN: AGCPB8775F	निर्धारण वर्ष/ AY: 2017-18	नोटिस संख्या / Notice No.: ITBA/AST/S/143(2)/2018- 19/1011348306(1)	दिनांक/ Dated: 14/08/2018
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आयकर अधिनियम, 1961 की धारा 143(2) के अधीन नोटिस

Notice under section 143(2) of the Income-tax Act, 1961

संवीक्षा (कंप्यूटर आधारित संवीक्षा चयन)

Scrutiny (Computer Aided Scrutiny Selection)

महोदय/महोदया/ मेसर्स,

Sir/ Madam/ M/s,

आपको सूचित किया जाता है कि निर्धारण वर्ष 2017-18 के पावती संख्या 250401281211017 के अनुसार आपके द्वारा दिनांक 21/10/2017 को दाखिल की गई आयकर विवरणी को संवीक्षा के लिए चुना गया है।

This is for your kind information that the return of income filed by you for assessment year 2017-18 vide ack. no. 250401281211017 on 21/10/2017 has been selected for Scrutiny.

2. इस संबंध में, आपको दिनांक 30/08/2018 को 11:00 AM तक साक्ष्य प्रस्तुत करने अथवा साक्ष्य प्रस्तुत कराने का अवसर प्रदान किया जा रहा है जिस पर आप उक्त आयकर विवरणी के समर्थन में निर्भर हैं/रहेंगे।

2. In this regard, an opportunity is being given to you to produce or cause to produce any evidence on which you may like to rely in support of the said return of income by 30/08/2018 at 11:00 AM.

3. उपर्युक्त निर्दिष्ट प्रमाण / सूचना को आपको ऑनलाइन माध्यम से इलेक्ट्रॉनिक रूप में incometaxindiaefiling.gov.in पर अपने ई-फाइलिंग खाता द्वारा प्रस्तुत किया जाना है। बाद की निर्धारण कार्यवाही भी आयकर विभाग की 'ई-कार्यवाही' सुविधा द्वारा की जायेगी। 'ई-कार्यवाही' पर एक संक्षिप्त नोट आपके संदर्भ के लिए संलग्न है।

3. The evidence/information specified above has to be furnished online electronically through your E-filing account in incometaxindiaefiling.gov.in. Subsequent assessment proceedings shall also be conducted electronically through the 'E-Proceeding' facility of Income-tax Department. A brief note on 'E-Proceeding' is enclosed for your kind reference.

4. निर्धारण कार्यवाही के दौरान, यदि आवश्यक होगा तो सूचना / दस्तावेज हेतु विशेष प्रश्नावली (यों) या अधियाचना (यों) को बाद में जारी किया जाएगा।

4. In course of assessment proceedings, if required, specific questionnaire(s) or requisition(s) for information/document shall be issued subsequently.

5. कृपया ध्यान दें कि यदि आपके पास ई-फाइलिंग खाता है तो आपके लिए पैरा 3 लागू है। आपके द्वारा स्वयं अपना खाता न बना लेने तक निर्धारण कार्यवाही आपके द्वारा वर्णित की गई ई-मेल के माध्यम से या मैन्युअल रूप से (यदि ई-मेल उपलब्ध नहीं है) की जाएगी।

5. Please note that para 3 is applicable if you have an E-filing account. Till the time such an account

is created by you, assessment proceedings shall be carried out either through your specified e-mail account or manually (if e-mail is not available).

संलग्नक : यथोपरि
Enclosure : as above

सील/Seal	भवदीय, Yours faithfully,
	SHASHI BHUSHAN KUMAR WARD 3, WARANGAL

9.1. Thus, it is clear that the Assessing Officer has not specified the scope of the scrutiny in the notice issued u/sec.143(2) of the Act. The only information shared by the Assessing Officer with the assessee vide this notice is that the case is selected for scrutiny under CASS. Therefore, the assessee was not informed/intimated about the scope of the scrutiny whether it is for limited or complete scrutiny. Though in the assessment order the Assessing Officer has stated that the case was selected under CASS for complete scrutiny but the said information was not confronted/communicated to the assessee prior to the Order passed by the Assessing Officer and therefore, the assessee was not made known about the scope of the scrutiny undertaken by the Assessing Officer. The CBDT vide F.No.225/157/2017/

ITA.II, dated 23.06.2017 has issued Instructions regarding the notice in the Format specified for a particular type of scrutiny. For ready reference, the CBDT instruction dated 23.06.2017 and the Format for notice u/sec.143(2) of the Act in case of limited scrutiny [CASS] and complete scrutiny [CASS] are prescribed as under:

F.No. 225/157/2017/ITA.II
Government of India
Ministry of Finance
Department of Revenue (CBDT)

North Block, New Delhi, dated the 23rd of June, 2017

To
All Pr. CCsIT/Pr. CCIT(International-tax)/CCIT(Exemptions)/Pr. DsGIT

Sir/Madam

Subject: - Issue of notices under section 143(2) of Income-tax Act, 1961 in revised format-regd.-

With reference to the above, I am directed to state that Central Board of Direct Taxes has decided to modify format of notice(s) issued under section 143(2) of the Income-tax Act which intimate the concerned assessee about selection of his/her case for scrutiny. This has become necessary in view of Board's decision to utilise 'E-Proceeding' facility for electronic conduct of assessment proceedings in a widespread manner from this financial year.

2. The three formats of notice(s) are:


- Limited Scrutiny (Computer Aided Scrutiny Selection)
- Complete Scrutiny (Computer Aided Scrutiny Selection)
- Compulsory Manual Scrutiny

The revised format of 143(2) notice(s) with a note on benefits & Procedures of 'E-Proceeding' facility are enclosed for information of the field authorities.

3. I am further directed to state that all scrutiny notices under section 143(2) of the Act, shall henceforth, be issued in these revised formats only. The Systems Directorate is effecting necessary changes in the ITBA module in this regard.

4. The above may be brought to the notice of all for necessary compliance.

Enclosures(s): as above


(Rohit Garg)
Director-ITA.II, CBDT

Copy to:

- i. Chairman, CBDT and all Members, CBDT
- ii. Addl. CIT, Data base Cell for uploading on Departmental Website

Limited Scrutiny (Computer Aided Scrutiny Selection)Notice under Section 143(2) of the Income-tax Act, 1961

PAN No:

Dated:

To

Sir/Madam

This is for your kind information that the return of income for Assessment Year..... filed vide ack. no.on..... has been selected for Scrutiny. Following issue(s) have been identified for examination:

2. In view of the above, I would like to give you an opportunity to produce any evidence/information which you feel is necessary in support of the said return of income on or before.....

3. The above mentioned evidence/information is to be furnished online electronically in 'E-Proceeding' facility through your account in e-Filing website of Income-tax Department. Further proceedings shall also be conducted electronically (*). A brief note on salient features of 'E-Proceeding' is enclosed.

4. In case you do not wish to produce any evidence/information, as mentioned in para 2, you are requested to intimate the same electronically on or before.....

5. Specific questionnaires/requisition of information or documents would be sent subsequently, if required.

6. Para(s) (2) to (4) are applicable if you have an account in e-Filing website of Income-tax Department. Till such an account is created by you, assessment proceedings shall be carried out either through your e-mail account or manually (if e-mail is not available).

(*) Subject to exceptions as per the enclosed note

Yours faithfully,

Seal

(Name of the Assessing Officer)

(Designation)

(Telephone No./Fax No.)

(E-mail ID)

Complete Scrutiny (Computer Aided Scrutiny Selection)**Notice under Section 143(2) of the Income-tax Act, 1961**

PAN No:

Dated:

To

Sir/Madam

This is for your kind information that the return of income for Assessment Year..... filed vide ack. no.on..... has been selected for Complete Scrutiny.

2. In view of the above, I would like to give you an opportunity to produce any evidence/information which you feel is necessary in support of the said return of income on or before.....

3. The above mentioned evidence/information is to be furnished online electronically in 'E-Proceeding' facility through your account in e-Filing website of Income-tax Department. Further proceedings shall also be conducted electronically (*). A brief note on salient features of 'E-Proceeding' is enclosed.

4. In case you do not wish to produce any evidence/information, as mentioned in para 2, you are requested to intimate the same electronically on or before.....

5. Specific questionnaires/requisition of information or documents would be sent subsequently, if required.

6. Para(s) (2) to (4) are applicable if you have an account in e-Filing website of Income-tax Department. Till such an account is created by you, assessment proceedings shall be carried out either through your e-mail account or manually (if e-mail is not available).

(* Subject to exceptions as per the enclosed note

Yours faithfully,

Seal

(Name of the Assessing Officer)
(Designation)
(Telephone No./Fax No.)
(E-mail ID)

9.2. Thus, the CBDT has specifically provided the Format in which the Assessing Officer has to mention the scope of scrutiny and the issues identified for examination if the scrutiny is taken up for limited scrutiny. In case of complete scrutiny, the Assessing Officer has to specifically mention in the notice u/sec.143(2) of the Act as selected for complete scrutiny. Therefore, the notice issued by the Assessing Officer u/sec.143(2) of the Act in the case of the assessee is not in accordance with the Instruction and Format provided by the CBDT which has resulted in mis-information/non-communication of the correct information to the assessee. The assessee was not made aware about the scope of scrutiny undertaken by the Assessing Officer by issuing the said notice u/sec.143(2) of the Act. The Delhi Bench of the Tribunal in the case of Anita Garg vs. ITO (supra) has considered an identical issue in Para nos.7 to 9 as under:

“7. Heard rival contentions, perused the materials placed before us and the case laws relied on. The contention of the assessee that the notice issued u/s 143(2) dated 22.09.2018 by the AO is in violation of the CBDT instruction dated 23.06.2017 as it is not in the specified format. This fact was not controverted by the Revenue before us.

8. We observed that on identical situation the Kolkata Bench of the Tribunal in the case of Hind Cyramics Pvt. Ltd. vs. DCIT in ITA Nos, 608 & 610/Kol/ 2024 dated 06.05.2025 quashed the assessment framed pursuant to the notice issued u/s 143(2) which was not in the prescribed format as per the CBDT instructions observing as under:

"011. After hearing the rival contentions and perusing the material on record, we find that the assessee has raised an additional grounds of appeal challenging the validity of the notice issued u/s 143(2) of the Act being in an invalid format and in our opinion the issued raised in the additional grounds is a purely a legal issue qua which all the facts are available in the appeal folder and no further verification of facts is required from any quarter whatsoever. In our considered view the assessee is at liberty to raise any legal issue before any appellate authority for the first time even when the same has not been raised before the lower authorities. The case of the assessee is squarely covered by the decisions of the Apex court in the case of i) Jute Corporation of India Ltd. Vs CIT (supra) ii) National Thermal Power Co. Ltd v. CIT (supra) and also by the decision of Hon'ble Calcutta High Court in PCIT vs. Britannia Industries Ltd. (supra). Therefore, we are inclined to admit the same for adjudication.

012. The Id. AR vehemently submitted that the notice u/s 143(2) of the Act issued to the assessee did not specify whether it was a limited scrutiny or a complete scrutiny or a compulsory manual scrutiny. The Id. AR submitted that the CBDT has issued specifically provided vide instruction no. F.No.225/157/2017/TA-II Dated 23-06-2017, that the notice u/s 143(2) can be issued in

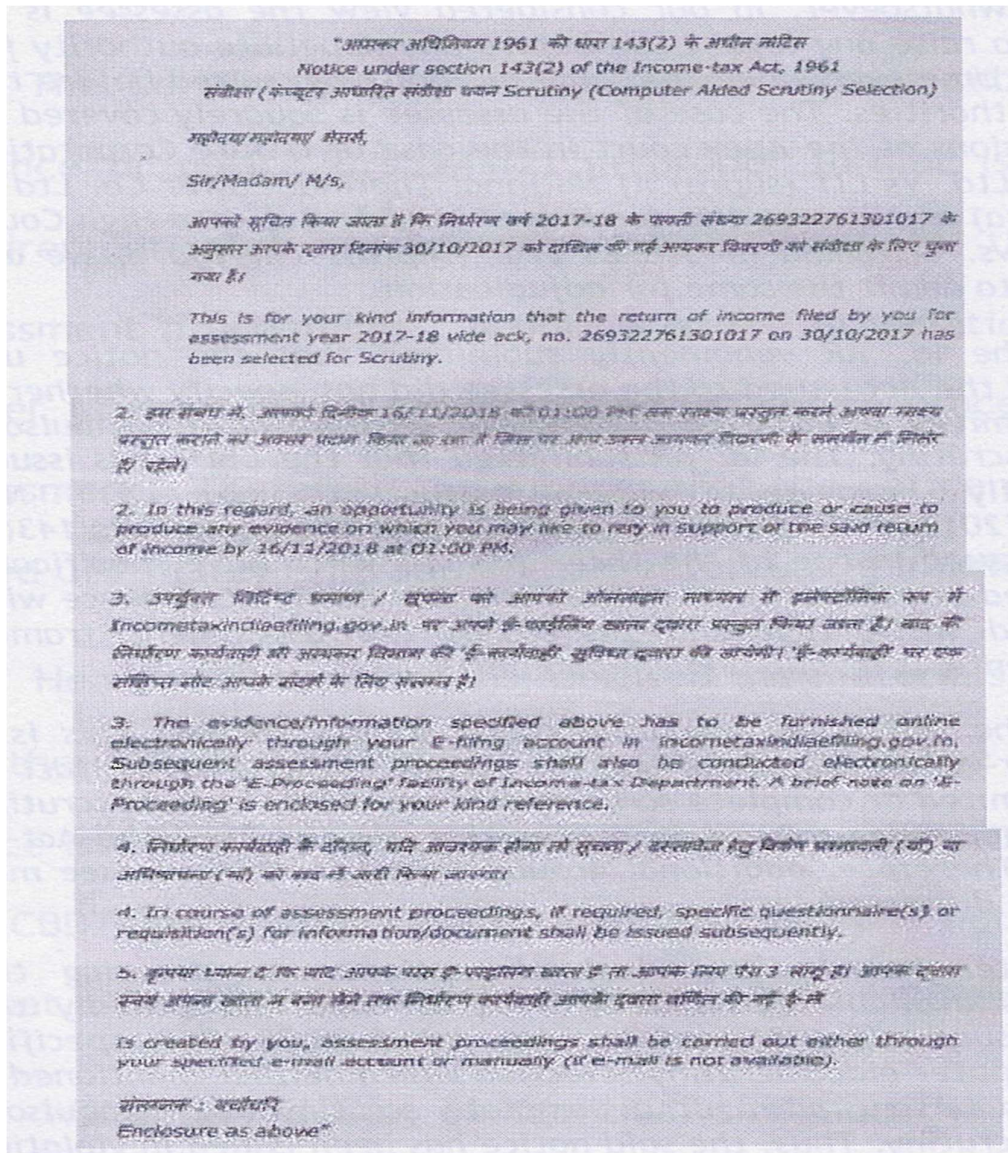
one of the three format which have specifically prescribed but the present notice issued is not in accordance with such said instruction and therefore, the assessment framed consequently is invalid and void ab initio.

013. *The Id. DR on the other hand submitted that this is a computer-generated notice and the non-mentioning of the fact of either limited or complete scrutiny or compulsory manual scrutiny would not render the issuance of notice u/s 143(2) of the Act as invalid. Therefore, additional ground raised by the assessee may kindly be dismissed.*

014. *After hearing the rival contentions and perusing the materials available on record, we find that undisputedly the notice issued u/s 143(2) of the Act dated 09.08.2018, specifies only computer aided scrutiny selection which neither mentioned it either to be a limited or a complete scrutiny nor compulsory manual scrutiny. Thus, the said notice has been issued in violation of the instruction issued by CBDT as noted above. In our opinion, the revenue authorities have to follow the instruction issued by CBDT and violation thereto would certainly render the notice as Invalid with the result all the consequential proceeding would also be invalid. The case of the assessee find support from the decision of the co-ordinate Bench in the case of Tapas Kumar Das Vs. ITO (supra), wherein a similar issue has been decided in favour of the assessee. The operative part of the same is extracted below:-*

"6. *After hearing the rival contentions and perusing the materials available on record, we find that particularly the notice was issued u/s 143(2) of the Act, a copy of which is available at page no. 25 of the Paper Book. We note that the said notice has not been issued in consonance with the CBDT Instruction F No. 225/157/2017/ITA-II*

Dated 23.06.2017. The said notice is extracted below for the sake of ready reference:-



7. In our opinion, the notice issued u/s 143(2) of the Act which is not in the prescribed format as provided under the Act is an invalid notice and accordingly, all the subsequent proceedings thereto would be invalid and void ab initio. The case of the assessee find support from the decision of Shib Nath Ghosh Vs. ITO in ITA No. 1812/KOL/2024 for A. Y. 2018-19 vide order dated 29.11.2024, wherein the co-ordinate Bench has held as under:-

“10. After hearing both the sides and the materials available on record, we find that the notice issued u/s 143(2) dated 9th August, 2017 was not in any of the formats as provided in the CBDT instruction F.No. 225/157/2017/ITA-II dated 23.06.2017. We have examined the notice, copy of which is available at page no. 1 of the Paper Book and find that the same is not as per the format of CBDT Instruction F.No. 225/157/2017/ITA-II dated 23.06.2017 as stated above. In our opinion, the instruction issued by the CBDT are mandatory and binding on the Income tax authorities failing which the proceedings would be rendered as invalid. Hon'ble Apex Court in case of UCO Bank (supra) held that the circular issued by CBDT in exercise of its statutory powers u/s 119 of the Act, are binding on the authorities. The Hon'ble Apex court held as under:

The Central Board of Direct Taxes under section 119 of the Income-tax Act, 1961, has power, inter alia, to tone down the rigour of the law and ensure a fair enforcement of its provisions, by issuing circulars in exercise of its statutory powers under section 119 of the Act which are binding on the authorities in the administration of the Act. Under section 119(2)(a), however, the circulars as contemplated therein cannot be adverse to the assessee. The power is given for the purpose of just, proper and efficient management of the work of assessment and in public interest. It is a beneficial power given to the Board for proper administration of fiscal law so that undue hardship may not be caused to the assessee and the fiscal laws may be correctly applied. Hard cases Which can be properly categorized as belonging to a class, can thus be given the benefit of relaxation of law by Issuing circulars binding on the taxing authorities.

In order to aid proper determination of the income of money lenders and banks, the Central Board of Direct Taxes issued a circular dated October 6, 1952, providing that where interest accruing on doubtful debts is credited to a suspense account, It need not be included in the assessee's taxable income, provided the Income-tax Officer is satisfied that recovery is practically improbable. Twenty-six years later, on June 20, 1978, in view of the judgment of the Kerala High Court In STATE BANK OF TRAVANCORE v. CIT [1977] 110 ITR 336, the Board by another circular, withdrew with immediate effect the earlier circular. However, by circular dated October 9, 1984, the Board decided that Interest in respect of doubtful debts credited to suspense account by banking companies would be subjected to tax but Interest charged in an account where there has been no recovery for three consecutive accounting years would not be subjected to tax in the fourth year and onwards. The circular also stated that if there is any recovery in the fourth year or later, the actual amount recovered only would be subjected to tax in the respective years. This procedure would apply to assessment year 1979-80 and onwards."

8. *Considering the facts of the instant case in the light of the decision of the co-ordinate bench, we are inclined to hold that notice issued u/s 143(2) of the Act is invalid notice and accordingly, the assessment framed consequentially to that is also invalid and is hereby quashed.*

9. *The other grounds raised on merit are not being decided at this stage and are being left open to be decided if need arises for the same at later stage.*

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

015. *Since the facts of the assessee's case are similar to one as decided by the co-ordinate Bench, we therefore, respectfully following the same hold that the notice issued u/s 143(2) of the Act is invalid notice and accordingly, the assessment framed consequentially is also invalid and is hereby quashed. The additional ground raised by the assessee is allowed."*

9. *Similar view has been taken by the Kolkata Bench of the Tribunal in the case of Sajal Biswas vs. ITO in ITA No. 1244/Kol/2023 dated 26.03.2025, Srimanta Kumar Shit vs. ACIT in ITA No.1911/Kol/2024 dated 19.11.2024, Tapas Kumar vs. ITO in ITA No.1660/Kol/2025 dated 11.3.2025. Therefore, facts being identical respectfully following the above said decisions, we hold that the assessment framed by the Assessing Officer u/s 143(3) dated 27.12.2019 pursuant to the notice issued u/s 143(2) dated 22.09.2018 which was not in the prescribed format as notified by the CBDT, is bad in law and void ab initio and the same is hereby quashed. The additional ground no.2 raised by the Assessee is allowed."*

9.3. Accordingly, in the facts and circumstances of the case and following the earlier decisions of this Tribunal, this issue is decided in favour of the assessee and consequently, the notice issued by the Assessing Officer u/sec.143(2) of the Act dated 14.08.2018 is held as invalid and consequently vitiates the assessment order passed by the Assessing Officer. Hence, the assessment order passed by the Assessing Officer

is set aside. Since, the assessment order is set aside as invalid therefore, the other grounds raised by the assessee in this appeal become infructuous and not taken up for adjudication.

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

Order pronounced in the open Court on 08.04.2026.

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Hyderabad, Dated 08th April, 2026.

VBP

Copy to :

1.	Banda Prakash, H.No.16-3-302, Subhash Road, WARANGAL – 506001. Telangana.
2.	The Income Tax Officer, Ward-1, WARANGAL. PIN - 506 002. Telangana
3.	The Pr. CIT, Hyderabad.
4.	The DR, ITAT, “SMC” Bench, Hyderabad.
5.	Guard file.

BY ORDER