FROM JURISDICTIONAL TO FACELESS: NAVIGATING THE CHANGING LANDSCAPES OF INCOME TAX ASSESSMENTS

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The Income Tax Act,1961 is the set of rules and regulations acting as a comprehensive framework upon which the Income Tax Department levies, administers, collects and recovers taxes. It is a form of direct tax which is borne by the taxpayer. The Ministry of Finance under the Central Government controls this form of taxation. The objective of the act is to maintain economic stability , controlling private spending and ensuring progressive taxation. The act encompasses direct taxes on income from diverse sources like salary, business, property, capital gains. Every citizen of India has to pay tax on their income to the Government of India as per the Income tax rules and regulations. Whether it is an individual, association or a firm, LLP, local authority or a Hindu undivided family, income for each financial year is taxed in accordance with Income Tax laws. Hence, filing an Income Tax return (ITR) on an annual basis is essential.

The Old Regime – Before Amendments were introduced by Finance Act 2021-

The provisions relating to reassessment as codified under section 147 to 152 of the Income Tax Act, 1961 and have undergone three major transformative changes over the period of time. The provisions originally permitted Assessing Officers to reopen assessments in only two situations. The Assessing Officers either had to have a reason to believe that any income chargeable to tax had escaped assessment on account of a failure on the part of the assessees to disclose truly and fully all material facts or the Assessing Officers had to have such a reason to believe in consequence of 'information' received after the original assessment

The provisions then underwent drastic amendments by the Direct Tax Laws (Amendment Act), 1989. The resultant provisions inter alia gave a go-by to the concept of 'information' and placed the defense of the Assessing Officer having to show an assessee's 'failure to disclose' if he

wished to reopen an assessment after a period of four years from the end of the relevant assessment year in the proviso. These provisions, in substance, stood largely in the same manner for more than two decades. During this period, the law on reassessments was judicially sculpted and streamlined. A crucial judgement was of the Hon'ble Supreme Court in the case of ***GKN Driveshafts (India) Ltd. v. ITO (2003) (259 ITR 19),***wherein a new procedure for reassessments was put in place. The procedure so prescribed required the assesse to file a return of income in response to the notice issued under section 148 of the Act; to then ask the Assessing Officer for a copy of the reasons recorded by him prior to the issuance of the notice; the assesse would then be eligible to file their objections to the reasons; and the Assessing Officers were expected to dispose of such objections before proceeding with the actual assessment.

Before the Finance Act, 2021 introduced amendments to the Income Tax Act, Section 148 primarily focused on issuing notices for reassessment that involved a systematic approach. The assessing officer (AO) would notify an assesse through a notice specifying the need for furnishing income returns. The return had to follow prescribed formats, and the provisions of the Income Tax Act were applied accordingly. The validity of notices was subject to specific conditions. Under Section 147 applicable until 31.3.2021, reopening of assessment was done in cases where no scrutiny assessment had been conducted, however it was open to the authorities to reopen the assessment in cases where additional information was received by them. The AO under the regime had the power to issue a notice under Section 148 within 6 years since the date when the previous AY was over. However, for such reopening to occur, strict time-limits were in place based on the elapsed time from the relevant assessment year wherein the AO needed concrete evidence justifying the belief that there was income escaping assessment, rather than a mere change of opinion. The Supreme Court upheld the AO's power to reopen proceedings, provided there was "tangible material" supporting the conclusion that income had escaped assessment and that substantial evidence indicating escapement was necessary. Importantly, the satisfaction of higher-ranking authorities was a prerequisite for issuing notices after the initial four-year period. This system aimed to ensure a structured and fair process in dealing with assessments and reassessments.

Key Amendments Introduced by Finance Act 2021-

The landscape of the Income Tax Act underwent a substantial transformation with the implementation of the Finance Act, 2021, bringing about significant revisions and amendments to the provisions governing the reopening of assessments. In March, 2020, almost an year before the amendments were made by the Finance Act, 2021, the country was hit by the COVID-19 pandemic that saw nationwide lockdowns. Understandably, tax compliances could not be made either by the assessee or by the Assessing Officers. This led to the promulgation of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 ('the Relaxation Act') whereby certain limitations and due dates were relaxed and the Central Government was empowered to continue to grant such relaxations by way of notifications after taking stock of the prevailing circumstances. Effective from 01.4.2021, these amendments replaced the established framework articulated in Sections 147, 148, 149 and 151 of the Income tax Act, 1961 with an entirely new structure encapsulated within the same sections. A noteworthy addition to this revamped system was the introduction of Section 148-A, outlining novel procedures for the initiation of reopening and reassessment proceedings

On the onset of the new Section 148-A being in force marked the significant increase in the procedural safeguards whereunder the strict specific conditions are to be followed prior to issuance of notice under the section. During this transitional period, the Central Board of Direct Taxes (CBDT) leveraging the provisions of TOLA, exercised its discretion thereby allowing the extension of the deadline for issuance of notices keeping in mind the pre-amendment reassessment provision of Section 148 until 30.06.2021. This extension, however, occurred in the backdrop of the Finance Act's implementation, which had already ushered in new provisions from 01.04.2021. In the wake of these developments, numerous number of notices for reassessment had been filled following the procedure of the previous regime as under Section 148 post-April 2021, without adhering to the technical safeguards introduced by the Finance Act, 2021. Following the Amendments, the procedure for issuing notices under Section 148 underwent significant changes, introducing Section 148-A. Now, before issuing any notice under Section 148, the assessing officer must adhere to the procedures outlined in Section 148A, effective from 01.04.2021. This required that the AO must serve a notice under Section148A, post which opportunity of being heard was to be given to the assesse. An assesse has to reply to the notice and considering it within one month the AO depending on the specified authority's prior approval being mandatory condition keeping in mind the time lapsed, has to issue order under Section 148A(d) and consequent notice under Section 148. The

time- limit for issuing a notice had been reduced to 3 years from the date of end of the relevant AY. Also, a financial threshold was introduced which stated if more than 3 years but less than 10 years have passed, the AO can issue a notice only if the income, represented as an asset, sums to or is likely to amount to "fifty lakh rupees or more". The specified authority, financial thresholds, and approval requirements are interlinked, ensuring a more stringent and time-sensitive reassessment process. It is important to note that failure to follow this procedure may render the notice invalid. Further Sections 153(A) – 153(C), which dealt with assessments related to search and seizure cases, have been integrated into Section 147. This consolidation streamlines the assessment and reassessment process under a single, more coherent framework. These amendments aim to enhance the fairness and efficiency of the tax reassessment process, ensuring that taxpayers are given a fair opportunity to present their case before any reassessment action is initiated.

The situation prompted the filing of numerous writ petitions challenging the validity of these notices before various High Courts. The Department took the view that in view of the extensions carried out pursuant to the Relaxation Act, the provisions of the erstwhile regime continue to stay in vogue till 30th June, 2021 (i.e., till the last of the extensions). On the other hand, it was argued by the assesses, that all notices issued under section 148 of the Act after 1st April, 2021 had to have been issued in terms of the law, as it stood, after the amendments by the Finance Act, 2021. This disharmony saw an unprecedent litigation as to the correctness of the notices issued by the Department in the period beginning from 1st April, 2021 and ending on 30th June, 2021. Finally, the Supreme Court, in the case of ***UOI v. Ashish Agarwal (2022) (444 ITR 1)*** brought the issue to rest by holding that although, in law, the notices should have been issued in terms of the amended provisions. A comparative analysis of the old reassessment regime vis-à-vis the new reassessment regime provisions, nevertheless, a one-time concession could be granted to the Department by holding that the notices issued under section 148 of the Act in this period should be deemed to be notices issued under section 148A(b) of the Act.

Intention behind the Amendments-

The amendments seek to achieve two broad objectives. Firstly, in view of the increasing use of automation in collecting and disseminating information in carrying out income- tax

assessments, even the reassessment provisions are sought to be made information-driven, which can be sourced in line with certain pre-defined criteria. Secondly, having regard to the large scale litigation which ensued as a result of following the procedure prescribed in GKN (supra), the law, now seeks to modify that procedure and pre-pone it to a stage, prior to the issuance of the notice under section 148 of the Act. The aforesaid twin objectives are brought out in the Memorandum explaining the provisions of the Finance Bill, 2021 as well as in the judgement of the Hon'ble Supreme Court in the case of Ashish Agarwal (supra)

New Regime-

With amendments to Section-147 by the Finance Act, 2021 significant changes have been ushered with respect to assessment, recomputation and reassessment of taxes reported to the Income tax Department. Now the reassessment procedure involves various steps which are to be followed by the Assessing Officer when reassessing a taxpayer's income. The reassessment process begins when the AO identifies income that was not reported in the taxpayer's Income Tax Return (ITR) and has consequently escaped assessment. The "reason to believe" that income has escaped assessment must be based on specific evidence recorded in the taxpayer's return, often arising from discrepancies noted during the regular assessment. The AO must indicate that there is sufficient evidence to justify reopening the reassessment case. With the necessary approvals and material facts in place, the AO issues a notice to the taxpayer under Section 148 A(b). The notice informs the taxpayer that their case is being reopened for reassessment. On receiving notice the assesse must address the concerns raised by the AO in the revised return, including any previously unreported or misreported income. Upon receiving the revised return, the AO reviews it thoroughly. The AO may request additional evidence or clarification from the taxpayer as needed to ensure all concerns have been adequately addressed. If the AO determines that the taxpayer has additional tax liability based on the revised return and supporting materials, they prepare a draft assessment order. This draft is reviewed and approved internally by a higher official before proceeding. The AO issues a show cause notice under section148A to the taxpayer, giving them the opportunity to explain why the additional tax liability should not be imposed. This notice is an essential step in ensuring the taxpayer's right to respond. A hearing is organized to allow the taxpayer to present their case before tax officials. The taxpayer can provide explanations and supporting documents to argue against the revised tax liability assessed by the AO. After considering the taxpayer's

case, the AO issues a order under Section 148A(d) of the Act stating whether the case is fit for issuance of notice under section 148. This order outlines the income that escaped assessment in the original return and specifies the revised tax liability, including any applicable penalty. Section 151 establishes the approval hierarchy required for passing reassessment and re-computation orders. It specifies that certain levels of authority must review and approve the reassessment actions, ensuring that decisions are well-considered and justified before being finalized. Similarly, Section 149 sets the time limits for issuing reassessment notices. Generally, a notice under Section 148 can be issued within three years after the relevant assessment year. However, there is an exception: if the AO possesses documentary evidence indicating that income chargeable to tax has been concealed, a notice can be issued up to 10 years after the relevant assessment year. This exception applies when there is clear evidence of unreported assets, expenditures, or financial records.

An interesting question which arises is whether, while passing the order under Sec. 148 A(d), is the Assessing Officer restricted to dealing only with the assesses rebuttal to his initial show cause notice issued under clause (b) or can he allege in the order, something which was not the subject matter of the initial notice. In this regard, the Calcutta High Court has held that the Assessing Officer's powers while passing an order under section 148A(d) are circumscribed to the extent of his allegations in the initial show cause notice. He does not have jurisdiction, at this stage, to venture into any issue, which was not the subject matter of the initial notice. Similar is the finding of the Rajasthan High Court in ***Stewart Science College v. ITO (2022)*** which holds that as the order has to be passed on the basis of the 'material available on record', a fetter has been put on the powers of the Assessing Officer from referring to anything but the material on record, which would comprise only of the initial notice and the assessee's response thereto.

Experience would show that the Assessing Officers often argue that at the stage of passing a 148A(d) order, they need not comment upon the escapement of income as at this stage the only question to be decided is whether or not a 148 notice is to be issued. In our opinion, this stand of the Assessing Officers is misaligned with the scheme of section 148A. It is submitted that at every stage of the proceeding, right from the enquiry under 148A(a) to the passing of the assessment order under section 147 read with section 143(3), regard has to be had to the escapement of income chargeable to tax. Under clause (a) of section 148A, an Assessing Officer conducts enquiry with respect to the information which suggests that the income

chargeable to tax has escaped assessment. Under clause (b), the Assessing Officer provides an opportunity of being heard to the assesse as to why a notice under section 148 should not be issued on the basis of information which suggests that income chargeable to tax has escaped assessment. After considering the assessee's reply, the Assessing Officer passes an order under clause (d) to decide on the basis of material available on record whether or not it is a fit case to issue notice under section 148 and then the assessment is completed bringing such income to tax. The Assessing Officers' assertion that they need not have regard to escapement of income at the stage of section 148A, would reduce these proceedings to an empty ritual

It is also important to note that the aforesaid procedure set out in section 148A of the Act is mandatory in nature, as evidenced from the usage of the word 'shall'. Therefore in our opinion, not following the same would vitiate the proceedings and not be considered a curable defect. In order to bolster this argument, one may draw support from the judgements of various High Courts , which, in the context of the erstwhile regime, had held that not following the GKN (supra) procedure would be fatal to the assessment

Faceless Assessment Scheme, 2019 and E-Assessment of Income Escaping Assessment Scheme, 2022 –

The Finance Bill 2022 has proposed to bring reassessment proceedings within the ambit of faceless assessment. In line with the amendment proposed by the Finance Bill 2022, the Central Board of Direct Taxes (CBDT) vide a **Notification No. 18/2022 dated 29th March 2022** notified e-Assessment of Income Escaping Assessment Scheme, 2022 under section 151 of the Income-tax Act, 1962 ('Act'). The Scheme is applicable with effect from 29-03-2022.

To bring transparency to assessment proceedings, the Faceless Assessment Scheme, 2019 was introduced. Subsequently, the Taxation & Other Laws (Relaxation & Amendment of Certain Provisions) Act, 2020 codified this Scheme by introducing section 144B in the Income-tax Act, 1961 (IT Act). The faceless assessment scheme applied only to scrutiny assessment and best judgment assessment. However, as per the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Bill, 2020, Faceless Assessment will now bring other provisions of the Income Tax Act, 1961 under its purview.

The new initiative, "Transparent Taxation-Honouring the Honest Platform," has the admirable goal of implementing the "faceless system," to digitise the process of scrutinizing a file, where

no one would be subject to arbitrary demands made by officers of the Income Tax Department. The plan is also seen as a relief because it gave taxpayers the convenience of filing out audit reports, representations, etc. electronically, saving them time, money and effort.

GUIDELINES ISSUED BY CBDT DATED 1st August, 2022

The guideline dated 1st August 2022 for issuance of notice under Section 148 relied upon by the Revenue is not applicable because these guidelines are internal guidelines as is clear from the endorsement on the first page of the guideline - "*Confidential For Departmental Circulation Only*". The said guidelines are not issued under section 119 of the Act. Any such guideline issued by the CBDT is not binding on assesse. Further the said guideline is also not binding on the assesse as they are contrary to the provisions of the Act and the Scheme framed under section 151A of the Act. The effect of a guideline came up for discussion in ***Sofitel Realty LLP* v. *ITO (TDS) [2023] 153 ITR 18 (Bom.)*** where in the Hon'ble High Court has held that the guidelines which are contrary to the provisions of the Act cannot be relied upon by the Revenue to reject an application for compounding filed by an assesse. The Hon'ble High Court held that guidelines are subordinate to the principal Act or Rules, it cannot restrict or override the application of specific provisions enacted by legislature. The guidelines cannot travel beyond the scope of the powers conferred by the Act or the Rules.

The guidelines do not deal with or even refer to the Scheme dated 29th March 2022 framed by the Government under section 151A of the Act. Section 151A(3) of the Act provides that the Scheme so framed is required to be laid before each House of the Parliament. Therefore, the Scheme dated 29th March 2022 under section 151A of the Act, which has also been laid before the Parliament, would be binding on the Revenue and the guideline dated 1st August 2022 cannot supersede the Scheme and if it provides anything to the contrary to the said Scheme, then the same is required to be treated as invalid and bad in law.

Whether Jurisdiction of JAO and FAO Concurrent in nature?

When specific jurisdiction has been assigned to either the National Faceless Assessment Centre in the Scheme dated 29th March, 2022, then it is to the exclusion of the jurisdiction of the Jurisdictional Assessment Officer. To take any other view in the matter, would not only result in chaos but also render the whole faceless proceedings redundant. If the argument of Concurrent Jurisdiction is to be accepted, then even when notices are issued

by the FAO, it would be open to an assesse, to make submission before the JAO and vice versa, which is clearly not contemplated in the Act. Therefore, there is no question of concurrent jurisdiction of both FAO or the JAO with respect to the issuance of notice under section 148 of the Act. The Scheme dated 29th March 2022 in paragraph 3 clearly provides that the issuance of notice "shall be through automated allocation" which means that the same is mandatory and is required to be followed by the Department and does not give any discretion to the Department to choose whether to follow it or not. That automated allocation is defined in paragraph 2(*b*) of the Scheme to mean an algorithm for randomised allocation of cases by using suitable technological tools including artificial intelligence and machine learning with a view to optimise the use of resources. Therefore, it means that the case can be allocated randomly to any officer who would then have jurisdiction to issue the notice under section 148 of the Act.

Further, in our view, there is no question of concurrent jurisdiction of the JAO and the FAO for issuance of notice under section 148 of the Act or even for passing assessment or reassessment order.

With respect to the arguments of the Revenue, *i.e.,* the notification dated 29th March 2022 provides that the Scheme so framed is applicable only 'to the extent' provided in section 144B of the Act and section 144B of the Act does not refer to issuance of notice under section 148 of the Act and hence, the notice cannot be issued by the FAO as per the said Scheme, the Hon'ble Bombay High Court in the case of ***Hexaware Technologies Ltd.*** **vs.** ***Asstt. CIT*** [2024] 162 taxmann.com 225/464 ITR 430 expressed their view as follows:-

> *"Section 151A of the Act itself contemplates formulation of Scheme for both assessment, reassessment or recomputation under section 147 as well as for issuance of notice under section 148 of the Act. Therefore, the Scheme framed by the CBDT, which covers both the aforesaid aspect of the provisions of Section 151A of the Act cannot be said to be applicable only for one aspect, i.e., proceedings post the issue of notice under section 148 of the Act being assessment, reassessment or recomputation under section 147 of the Act and inapplicable to the issuance of notice under section 148 of the Act. The Scheme is clearly applicable for issuance of notice under section 148 of the Act and accordingly, it is only the FAO which can issue the notice under section 148 of the Act and not the JAO. What is covered*

in clause 3(a) of the Scheme is already provided in section 144B(1) of the Act, which Section provides for faceless assessment, and covers assessment, reassessment or recomputation under section 147 of the Act. Therefore, if Revenue's arguments are to be accepted, there is no purpose of framing a Scheme only for clause 3(a) which is in any event already covered under faceless assessment regime in section 144B of the Act. The argument of respondent, therefore, renders the whole Scheme redundant. An argument which renders the whole Scheme otiose cannot be accepted as correct interpretation of the Scheme."

Similarly there are a number of court judgments which held that the JAO has no authority to issue notice u/s. 148 which are as under:

a. ***Jatinder Singh Bhangu* v. *Union of India* [2024] 165 taxmann.com 115 (Punjab & Haryana)**

The similar issue has also been adjudicated by the Hon'ble Punjab and Haryana High Court wherein the Petitioner received a notice dated 28.03.2024 under Section 148 of the Income Tax Act. the question before the Hon'ble High Court was whether the Notice under Section 148 could have been issued after the introduction of E-Assessment Faceless Scheme. The Hon'ble High Court after considering the arguments raised and taking into consideration the judgement of ***Kankanala Ravindra Reddy* v. *ITO* [2023] 156 taxmann.com 178/295 Taxman 652 (Telangana), *Hexaware Technologies Ltd.* vs. *Asstt. CIT*** [2024] 162 taxmann.com 225/464 ITR 430 stated that scheme of Faceless Assessment is applicable from the stage of show cause notice under Section 148 as well as 148A. The Hon'ble High Court while laying down the law observed as follows:

"From the perusal of Section 151A, it is quite evident that scheme of faceless assessment is applicable from the stage of show cause notice under Section 148 as well as 148A. Clause 3 (b) of notification dated 29.03.2022 issued under Section 151A clearly provides that scheme would be applicable to notice under Section 148. Even otherwise, it is a settled proposition of law that assessment proceedings commence from the stage

of issuance of show cause notice. The object of introduction of faceless assessment would be defeated if show cause notice under Section 148 is issued by Jurisdictional Assessing Officer. The respondents are heavily placing reliance upon office memorandum and letter issued by departmental authorities. It is axiomatic intax jurisprudence that circulars, instructions and letters issued by Board or any other authority cannot override statutory provisions. The circulars are binding upon authorities and Courts are not bound by circulars. The mandate of Section 144B, 151A readwith notification dated 29.03.2022 issued thereunder is quite lucid. There is no ambiguity in the language of statutory provisions, thus, office memorandum or any other instruction issued by Board or any other authority cannot be relied upon. Instructions/circulars can supplement but cannot supplant statutory provisions."

***b. Venus Jewel* v. *Asstt. CIT* [2024] 164 taxmann.com 414 (Bom.)**

The Hon'ble High Court held that JAO has no authority to issue a notice under section 148A(*b*) after introduction of E-assessment of income escaping Assessment Scheme 2022.

***c. Jasjit Singh* v. *Union of India* [2024] 165 taxmann.com 114 (Punjab & Haryana)**

The Hon'ble High Court held that where JAO issued reopening notice and initiated re-assessment proceedings without conducting faceless assessment as envisaged under section 144B, same were contrary to provisions of law and were to be quashed.

***d. Ram Narayan Shah* v. *Union of India* [2024] 163 taxmann.com 478/299 Taxman 276 (Gauhati)**

The Hon'ble High Court held that Where in notice under section 148 issued upon assessee, name of Income-tax Officer who was Assessing Officer had been reflected, impugned notice reflecting name of concerned Income-tax Officer was contrary to provisions of section 151A and schemes framed thereunder, whereby Income-tax Authority was required to undertake these proceedings in a 'faceless' manner, and accordingly, department was to be directed to withdraw impugned notice and issue fresh notices if permissible under law as per scheme read with section 151A.

e. ***Kankanala Ravindra Reddy* v. *ITO* [2023] 156 taxmann.com 178/295 Taxman 652 (Telangana)**

The Hon'ble High Court held that After introduction of 'Faceless Jurisdiction of Income-tax Authorities Scheme, 2022' and 'e-Assessment of Income Escaping Assessment Scheme, 2022' it became mandatory for revenue to conduct/initiate proceedings pertaining to reassessment under sections 147, 148 and 148A in a faceless manner.

There is only judgment which are against the assesse are that of the Hon'ble Calcutta High Court and the Hon'ble Delhi High Court which are as under:

***Triton Overseas (P.) Ltd.* v. *Union of India* [2023] 156 taxmann.com 318 (Calcutta)**

The Hon'ble High Court has held that in view of office memorandum dated 20-02-2023 being F No. 370153/7/2023-TPL, issuance of notice under section 148 by Jurisdictional Assessing Officer (JAO) instead of National Faceless Assessment Centre is justifiable and sustainable in law as issuance of notice under section 148 did not fall under ambit of section 144B.

Similarly, the question as to whether a notice issued by the JAO would be valid and compliant with the Faceless Scheme of Assessment which had come to be adopted by virtue of Sections 144B and 151A, the Delhi High Court in the case of ***T.K.S Builders Pvt. Ltd. vs. Income Tax Officer 2024 SCC OnLine Del 7508***, held that the Faceless Assessment Scheme, 2022 divides the reassessment into two stages and stated that the functions of JAO and NFAC are complementary and concurrent. It further stated that the faceless system of assessment does not nullify the JAO's role in conducting assessments. The court held that the JAO retains powers that do not conflict with, but rather compliment the objectives of neutrality and efficiency. The Faceless Assessment Scheme does not diminish the JAO's authority, instead the JAO's retained jurisdiction is vital for ensuring accountability and continuity, acting as a complementary element to the faceless assessment framework. Importantly, the Court highlighted that the JAO's authority is not merely residual but an active, complementary role that reinforces the flexibility of assessment system. The court while making these observations held that the JAO could

not be entirely stripped of the authority to assess or reassess solely due to the introduction of Section 144B and the Faceless Assessment Scheme.

Conclusion-

Section 151A of the Act itself contemplates formulation of Scheme for both assessment, reassessment or re-computation under section 147 as well as for issuance of notice under section 148 of the Act. Therefore, the Scheme framed by the CBDT, which covers both the aforesaid aspect of the provisions of Section 151A of the Act cannot be said to be applicable only for one aspect, *i.e.,* proceedings post the issue of notice under section 148 of the Act being assessment, reassessment or re-computation under section 147 of the Act and inapplicable to the issuance of notice under section 148 of the Act. The Scheme is clearly applicable for issuance of notice under section 148 of the Act and accordingly, it is only the FAO which can issue the notice under section 148 of the Act and not the JAO. The phrase "to the extent provided in section 144B of the Act" in the Scheme is with reference to only making assessment or reassessment or total income or loss of assesse. Therefore, for the purposes of making assessment or reassessment, the provisions of section 144B of the Act would be applicable as no such manner for reassessment is separately provided in the Scheme.. Thus, Section 148A is a code in itself determining the procedure for initiation of reassessment proceedings, which encapsulates a commitment to procedural fairness by ensuring that taxpayers are not only notified of potential reassessment, but also given a meaningful opportunity to defend their position and explain their view of the situation. This procedural safeguard aims to enhance transparency and accountability in the tax assessment process.

It is worth mentioning to note that the Department of Revenue has filed a Special Leave Petition (SLP) titled as ***Union of India vs. Suryalakshmi Cotton Mills SLP(C) 027736/2024*** against the judgement of the Telangana High Court in ***Suryalakshmi Cotton Mills vs. Union of India*** seeking to resolve the ongoing legal controversy. This petition arises from the conflicting interpretations and implications of previous rulings, which have led to considerable ambiguity and disputes. The matter is now sub judice, and pending in the month of January, 2025 with the Supreme Court's intervention being awaited, for a final adjudication. The forthcoming judgment is expected to provide much-needed clarity on the matter, resolving the discrepancies that have plagued the interpretation of JAO-

related provisions. As the highest judicial authority in the country, the Supreme Court's decision will be binding and final, effectively putting an end to the legal uncertainty and providing a definitive resolution.

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