

**IN THE INCOME-TAX APPELLATE TRIBUNAL, MUMBAI "F" BENCH, MUMBAI  
BEFORE SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER AND  
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER  
ITA No. 889/MUM/2026 (AY:2013-14)**

ACT-19(3), Room No.-513, 5th Floor, Piramal Chamfier, Parel Mumbal - 400012.	<b>vs.</b>	Sahjanand Diamonds, 13 1202, The Capital, Bandra Kurla Complex, Marnbai. Bandra (East) S.O. Mumbai-400051.
<b>PAN/GIR No: AAAFS3387E</b>		
(Appellant)		(Respondent)

**CO No.131/MUM/2026 (AY: 2013-14)  
Arising out of ITA No. 889/MUM/2026 (AY:2013-14)**

Sahjanand Diamonds, 13 1202, The Capital, Bandra Kurla Complex, Marnbai. Bandra (East) S.O. Mumbai-400051.	<b>vs.</b>	ACT-19(3), Room No.-513, 5th Floor, Piramal Chamfier, Parel Mumbal -400012.
<b>PAN/GIR No: AAAFS3387E</b>		
(Appellant)		(Respondent)

<b>Appellant by</b>	Shri Rahul Sarda
<b>Respondent by</b>	Shri Rajesh Sakhardande (SR DR)
<b>Date of Hearing</b>	16.04.2026
<b>Date of Pronouncement</b>	29.04.2026

**ORDER**

**PER BIJAYANANDA PRUSETH, AM:**

This appeal filed by the revenue and the cross objection by the assessee emanate from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'Act') by the Commissioner of Income-Tax (Appeals), National Faceless Appeal Centre [in short, 'CIT(A)'], dated 10.11.2025 for the

assessment year (AY) 2013-14. With consent of both parties, both appeals were heard together and a common order is passed for convenience and brevity.

2. The grounds of appeal raised by the revenue are as under:

*"1. 1. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in holding that the notice issued under section 148 of the Income-tax Act, 1961 on 07.06.2021 for A.Y. 2013-14 was barred by limitation, without considering the statutory extensions granted by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 ("TOLA Act") due to the COVID-19 pandemic?"*

*2. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in interpreting the Supreme Court judgment in Union of India v. Ashish Agarwal (2022) as rendering the reassessment notice under section. 148 invalid, when the Hon'ble Supreme Court had expressly preserved such notices as show-cause notices under section. 148A(b) and mandated compliance with procedural safeguards?"*

*3. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in ignoring the extended limitation period provided under amended section 149(1)(b) of the Income-tax Act, 1961, which allows reassessment up to ten years in cases where escaped income exceeds Rs.50 lakh, particularly when the unaccounted credits in the assessee's accounts exceeded this threshold"*

*4. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in holding the reassessment proceedings under section 147 r.w.s. 1448 as invalid and without jurisdiction, despite the Assessing Officer having complied with the timelines and procedural requirements prescribed under section 148A(d)?"*

*5. "Whether, on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in quashing the assessment order on limitation grounds, when the assessee had misconstrued the computation of the statutory timeline under section 148A(d), thereby depriving the Revenue of its legitimate right to reassess escaped income?"*

*6. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in not appreciating that the legal fiction, created by the Supreme Court in Ashish Agarwal allows the Revenue adequate time to complete reassessment proceedings, and whether the CIT(A)'s*

*restrictive interpretation undermines the legislative intent behind the reassessment provisions?"*

*7. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in not construing the limitation provisions under the Income-tax Act liberally in favour of the Revenue to prevent escape of income, especially when all procedural safeguards had been complied with"*

*8. "Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) decision conflicts with settled judicial precedents emphasizing substantial compliance over strict adherence to limitation periods in reassessment proceedings"*

*9. "The Appellant craves leave to add, amend, alter, vary and/or withdraw any of the above grounds of appeal, at any time before or at the time of hearing."*

3. The grounds of appeal raised by the assessee in CO No.131/Mum/2026 are as under:

*"1. The CIT (A) failed to appreciate that the period of limitation to reopen Assessee's assessment expired on 31.03.2018 since an assessment was carried out u/s 143(3) and it is not even the allegation of the AO that there was failure on the part of the Assesee to disclose fully and truly all material facts necessary for his assessment. Therefore, the reassessment proceedings were without jurisdiction and bad in law in view of the first proviso to section 147*

*2 The CIT (A) failed to appreciate that the notice dated 07.06.2021 under section 148 of the Act was time-barred by the first proviso to section 149(1) of the Act since the time limit for issuance of the such notice dated 07.06.2021 expired on 31.03.2018. Therefore, the reassessment proceedings were without jurisdiction and bad in law.*

**Notice dated 24.07.2022 u/s 148 was bad in law**

*3 The CIT (A) failed to appreciate that since the notice dated 24.07.2022 was time-barred, there was no jurisdiction to issue the notice dated 24.07.2022 under section 148 of the Act. Hence, the whole proceedings were without jurisdiction and bad in law.*

4. Without prejudice to the above, the CIT (A) failed to appreciate that the notice dated 24.07.2022 under section 148 of the Act was not issued within the surviving time limit as per the ratio of the judgement in *Uol v. Rajeev Bansal [2024] 469 ITR 48 (SC)* and hence was time-barred. Therefore, the reassessment proceedings were without jurisdiction and bad in law.

**Notice dated 24.07.2022**

5. The CIT (A) failed to appreciate that the notice dated 24.07.2022 issued u/s 148 of the Act does not bear any document identification number (DIN) and hence the same is invalid and deemed never to have been issued. Therefore, the whole proceedings of reassessment are bad in law. The assessment order is thus liable to be quashed and set aside.

**Proceedings being without jurisdiction since the notice dated 24.07.2022 u/s 148 was issued by the Jurisdictional Assessing Officer and not the Faceless Assessing Officer**

6. The CIT (A) failed to appreciate that the notice dated 24.07.2022 issued u/s 148 of the Act was void ab initio and bad in law as the same had not been issued by the Faceless Assessing Officer (FAO) but was issued by the Jurisdictional Assessing Officer (JAO), Therefore, the whole proceedings are without jurisdiction and the assessment order is liable to be quashed and set aside.”

4. Facts of the case, in brief, are that the assessee filed its return of income for the AY 2013-14 on 17.08.2013 declaring total income at Rs.2,89,89,942/-. Assessment order u/s 143(3) was passed on 28.01.2016 determined total income at Rs.2,90,35,370/-. The case was reopened on the reason that the assessee had declared closing stock of finished goods of cut and polished diamonds from rough diamonds at lesser value than its cost of production. Thereafter, notice u/s 148 was issued on 07.06.2021 under the old regime. After following the due procedure and receiving the approval of the specified authority, the AO issued

notice u/s 148 of the Act (new regime) on 24.07.2022. The AO issued various statutory notices u/s 143(2) and 142(1) of the Act and show cause notice to the assessee. After considering the reply of the assessee, the AO added Rs.8,30,52,501/- to the income assessed u/s 143(3) and determined the total income at Rs.11,20,87,871/-.

5. Aggrieved by the order of AO, the assessee filed appeal before the CIT(A). The CIT(A) has reproduced the relevant part of the assessment order, grounds of appeal and submission of the appellant in the appellate order. After considering the details as above, the CIT(A) observed that the AO has not satisfied himself that there was failure to disclose true and full income by the assessee. He held that the AO did not validly assumed jurisdiction u/s 147 of the Act. Accordingly, he allowed the appeal of the assessee.

6. Aggrieved by the order of CIT(A), the revenue has filed the present appeal before the Tribunal. The appellant has also filed cross objection submitting that the notice u/s 148 of the Act on 24.07.2022 was time barred. We shall first take up the cross objection by the appellant since jurisdictional issue on validity of issue of notice u/s 148 of the Act and consequential order u/s 147 of the Act are involved. At the outset, the Ld. AR of the assessee, submitted that the notice dated 24.07.2022 u/s 148 of the Act is time barred as it has not been issued within the surviving time limit as per the law laid down by the Hon'ble Supreme Court in

case of UOI vs. Rajeev Bansal (2024), 469 ITR 46 (SC). He has filed paper book enclosing copies of various notices and other details filed before the lower authorities in support of the contention that the impugned notice u/s 148 dated 24.07.2022 was barred by limitation. In order to compute the surviving/balance time as per the decision of Hon'ble Supreme Court in case of Rajeev Bansal (supra), it is relevant to note the following dates.

Sr.No	Particulars	Date/ Time period
1.	First notice Issued u/s 148	07.06.2021
2.	Extended limitation as per the TOLA	30.06.2021
3.	Surviving time	24 days
4.	Notice u/s 148A(b)	24.05.2022
5.	Time granted to the assessee to reply	2 weeks
6.	Assessee's reply	No reply
7.	Last date for issuance of notice u/s 148 considering the surviving time of 24 days.	01.07.2022
8.	Order u/s 148A(d)	24.07.2022
9.	Second notice u/s 148	24.07.2022

7. It is clear from the table above that as per the decision of the Hon'ble Supreme Court in Rajeev Bansal (supra), the revenue had 24 days to issue notice u/s 148 of the Act of the new regime i.e. till 01.07.2022. However, in the present case, the notice under section 148 of the Act was issued on 24.07.2022, i.e., after the surviving/balance time period as per the decision of the Hon'ble Supreme Court in Rajeev Bansal (supra). The Ld. Sr. DR of the revenue has not been able to controvert the details given in the above table. Therefore, we are of the considered view that the notice issued u/s 148 of the Act on 24.07.2022 is barred by limitation. Accordingly, the notice issued u/s 148 of the Act on 24.07.2022 for

AY 2013-14 is *void ab initio* and bad in law. Consequentially, the assessment order passed u/s 147 r.w.s 144B of the Act dated 29.05.2023 is also invalid and bad in law. Hence, the ground raised by the appellant in the cross objection is allowed.

8. In the result, the cross objection of the appellant is allowed.

**ITA No.889/Mum/2026 (AY: 2013-14)**

9. Since we have allowed the cross objection filed by the appellant and upheld the order of CIT(A) in allowing the appeal of assessee, the appeal of the revenue is dismissed,

10. In the combined result, appeal of the revenue is dismissed and the cross objection of the assessee is allowed.

Order is pronounced on 29.04.2026.

Sd/-

**(SANDEEP SINGH KARHAIL)**  
**JUDICIAL MEMBER**

\*Aniket Chand; Sr. PS  
MUMBAI

Date: 29.04.2026

**Copy of the Order forwarded to:**

1. The Assessee
2. The Respondent
3. The CIT(A)
4. CIT
5. DR/AR, ITAT, MUMBAI
6. Guard File

Sd/-

**(BIJYANANDA PRUSETH)**  
**ACCOUNTANT MEMBER**

By Order

Assistant Registrar  
ITAT, MUMBAI