

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCHES, MUMBAI**

BENCH : J(SMC)

**BEFORE SHRI NARENDER KUMAR CHOUDHRY, JUDICIAL MEMBER &
SHRI MAKARAND VASANT MAHADEOKAR, ACCOUNTANT MEMBER**

**ITA No.3498/M/2026
(Assessment Year: 2019-20)**

Jackey Jeswani, Asha Bhawan Plot No.44 Gurunanak Colony, Brahmpuri, Jaipur	Vs.	Income Tax Officer, Ward 42(2)(3) Room No. 804, Kautilya Bhavan, C-41 to C-43, G Block, Bandra Kurla Complex, Bandra (East), Mumbai
PAN/GIR No. AIDPJ 3514 F		
(Applicant)		(Respondent)

Assessee by	Shri Vedant Agrawal, Ld. A.R. (Virtually Present)
Revenue by	Ms. Jayshree Thakur, Ld. Sr. D.R.

Date of Hearing	23.07.2026
Date of Pronouncement	01.10.2026

आदेश / **ORDER**

PER: MAKARAND VASANT MAHADEOKAR, AM

This appeal filed by the assessee for assessment year 2019-20 is directed against the order dated 22.01.2026 passed by the Commissioner of Income-tax (Appeals), National Faceless Appeal Centre [hereinafter referred to as "the CIT(A)"], under section 250 of the Income-tax Act, 1961 [hereinafter referred to as "the Act"]. The impugned appellate order arises from the reassessment order dated 10.12.2024 passed under section 147 read with section 144B of the Act.

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

- 1. On the facts and circumstances and in law, the Assessing Officer grossly erred in initiating reassessment proceedings on the Assessee u/s 147 of the Income Tax Act, 1961.*
- 2. Notice Under Section 148 has been issued by JAO (Jurisdictional Assessing Officer) instead of FAO (Faceless Assessing Officer), therefore, assessment completed u/s 147 of the Act is illegal and void-ab-initio*
- 3. On the facts and circumstances and in law, Ld Lower Authorities grossly erred in making and confirming disallowance of deduction of Rs 4,00,000/- u/s 80GGC claimed by the assessee.*
- 4. On the facts and circumstances and in law also, Ld Lower Authorities further erred in disallowing deduction u/s 80GGC claimed by the assessee on the basis of third party general statements without providing opportunity to cross-examination.*
- 5. On the facts and circumstances and in law, the Ld Lower Authorities further erred in disallowing deduction u/s 80GGC claimed by the assessee without providing copy of statements of third parties on which assessing office has relied upon.*
- 6. That the Assessee craves your indulgence to add/alter/amend/ 'delete any or all' grounds of appeal.*

3. The relevant facts, as recorded in the assessment order, are that the assessee is an individual who filed his original return of income on 12.11.2019 declaring total income of Rs.13,62,370/-, comprising income from salaries and house property. During the financial year 2018-19, relevant to the assessment year under consideration, the assessee donated Rs.4,00,000/- to Rashtriya Samajwadi Party (Secular) and claimed deduction of the corresponding amount under section 80GGC of the Act.

4. The Assessing Officer received information from the Deputy Director of Income-tax (Investigation)-1(1), Ahmedabad, arising from the search and seizure action conducted on 07.09.2022 in the case of the Registered Unrecognized Political Parties group of Ahmedabad. According to the information discussed in the

assessment order, certain political parties, including Rashtriya Samajwadi Party (Secular), were involved in providing accommodation entries in the guise of political donations. The Assessing Officer referred to statements of persons associated with the party and the alleged routing of donation receipts through intermediary entities, followed by return of the funds to the donors after deduction of commission. These were the allegations forming the basis of the reopening.

5. A show-cause notice under section 148A(b) of the Act was issued by the Jurisdictional Assessing Officer on 29.03.2023. The assessee was required to furnish his explanation, together with supporting documents or evidence, on or before 14.04.2023. The assessment order specifically records that the assessee furnished his reply on 14.04.2023. The Assessing Officer noted that the assessee accepted having donated Rs.4,00,000/- to the said political party and having claimed deduction under section 80GGC. Being dissatisfied with the explanation, the Jurisdictional Assessing Officer passed an order under section 148A(d) on 24.04.2023, stated to be with the prior approval of the specified authority, and issued notice under section 148 on the same date.

6. In response to the notice under section 148, the assessee filed his return of income on 24.05.2023 declaring total income of Rs.13,62,370/-. A notice under section 143(2) was issued on 27.06.2023, to which the assessee replied on 04.07.2023 and furnished the computation of income and financial statements. The case was thereafter transferred to the Faceless Assessment Unit, and an intimation was sent on 08.05.2024. In the subsequent assessment proceedings, the assessee furnished donation receipts and bank statements. By his further response dated 17.07.2024,

he explained that the donation had been paid in three parts and supplied the bank statement containing all three entries.

7. Before the Assessing Officer, the assessee maintained that the donation was genuine, had been made through NEFT/RTGS to a political party registered with the Election Commission of India, and that no amount had been returned to him. He also objected to the reopening, alleging that the information was vague and that proper enquiry had not been conducted. The reply reproduced in the assessment order referred to an alleged incorrect mention of a donation of Rs.2,00,000/- in the section 148A(b) notice, whereas the assessee stated that the actual donation was Rs.4,00,000/-. He requested a copy of the approval obtained from the specified authority and a copy of the third-party confirmation statement, if any, in which his name appeared.

8. The Assessing Officer rejected the objections, stating that the information on which the case was reopened had already been supplied with the notice under section 148A(b) and that the order under section 148A(d) had been passed after obtaining prior approval. Relying upon the investigation findings, surrounding circumstances and the alleged modus operandi, the Assessing Officer treated the donation as non-genuine and disallowed the deduction of Rs.4,00,000/- under section 80GGC. The reassessment was completed on 10.12.2024 under section 147 read with section 144B at total income of Rs.17,62,370/-. Penalty proceedings under section 270A were initiated separately.

9. The assessee preferred the appeal before the CIT(A). In the first appellate proceedings, he specifically challenged the notice under section 148 dated 24.04.2023 as barred by limitation. He submitted that the procedure prescribed under section 148A had

not been duly followed and that the Assessing Officer had acted solely on information received through the Insight Portal, without independent verification or establishing its applicability to his case. He alleged that the reopening rested on assumptions, presumptions and borrowed satisfaction. He further challenged the issuance of the notice by the Jurisdictional Assessing Officer instead of the Faceless Assessing Officer. On merits, he relied upon the banking records and donation receipts and objected to the reliance on third-party statements without supplying copies or affording cross-examination.

10. The CIT(A) rejected the jurisdictional objections. He held that the search-related information constituted sufficient material for initiation of reassessment and that the proceedings had been undertaken after obtaining the necessary approval. In paragraphs 7.4 and 7.5, the CIT(A) described the notice under section 148 as dated 29.03.2023 and held that it was within limitation. He also upheld the authority of the Jurisdictional Assessing Officer to initiate the proceedings. On the substantive issue, the CIT(A) accepted the investigation findings and held that payment through banking channels and production of donation receipts did not establish the genuineness of the donation. The disallowance was confirmed and the appeal was dismissed by order dated 22.01.2026.

11. Before us, the learned Authorised Representative submitted that the reassessment proceedings initiated pursuant to the notice under section 148 dated 24.04.2023 were bad in law, being barred by limitation and not in accordance with the procedure prescribed under section 148A. He contended that the Assessing Officer had acted solely on the information received through the Insight Portal,

without conducting independent verification or establishing the applicability of such information to the facts of the assessee's case. According to the learned AR, the reopening was based on assumptions, presumptions and borrowed satisfaction, rather than an independent examination of the information by the Assessing Officer in relation to the assessee.

12. The learned Departmental Representative relied upon the orders of the Assessing Officer and the CIT(A) and supported the reassessment.

13. We have considered the rival submissions and perused the material available on record. The preliminary issue requiring determination is whether the notice under section 148 dated 24.04.2023 was issued within the period permitted by section 149 of the Act. The assessee's first ground challenges the initiation of reassessment, and the limitation objection was expressly raised before the CIT(A) and reiterated before us. Since this issue concerns the validity of the notice on which the reassessment rests, we take it up first.

14. For assessment year 2019-20, the relevant assessment year ended on 31.03.2020. The ordinary three-year period therefore ended on 31.03.2023. The alleged escapement identified in the assessment order concerns the deduction of Rs.4,00,000/- under section 80GGC. On the recorded basis of reopening, the monetary threshold of Rs.50,00,000/- for invoking section 149(1)(b) is not satisfied. The computation must accordingly be made under section 149(1)(a), together with the applicable exclusions and extension.

15. Section 149(1)(a), as applicable when the impugned notice was issued, prohibited a notice after three years from the end of the

relevant assessment year unless clause (b) applied. The fifth proviso excluded the time or extended time allowed for replying to the notice under section 148A(b), and any period of court-ordered stay. Under the sixth proviso, where the remaining period did not exceed seven days, it was extended to seven days. The later substitution of section 149 with effect from 01.09.2024 does not govern this notice dated 24.04.2023.

16. The relationship between the time prescribed under section 148A(d) and the limitation governing issuance of notice under section 148 has been examined by the Hon'ble jurisdictional High Court in **Gurpreet Singh v. Deputy Commissioner of Income-tax, [2025] 176 taxmann.com 673 (Bombay), Writ Petition No.315 of 2023**. The the Hon'ble Court held:

17. In light of the above, the contentions raised by the Revenue lack foundation in terms of law. Although the Revenue has contended that the order dated 29/07/2022 passed under Section 148A(d) and the notice issued under Section 148 were within the timelines contemplated by the decisions in Ashish Agarwal and Rajeev Bansal (supra), the same lacks substance. In the written synopsis, an attempt was made to justify the timelines by contending that in terms of Section 148A(d), the period mandated for passing of the order was within one month from the end of the month in which the reply referred to is received or where no such reply is furnished within one month from the end of the time by which the extended time allowed to furnish reply as per clause(b) expired. Relying on the said provision it was contended that the replies are dated 03/06/2022 and 28/06/2022 and going by the same, the end of the month would be 30/06/2022. Hence the expiry of time would be on 31/07/2022. It is therefore contended that the order is passed within the one month time contemplated under Section 148A(d).

18. The said contention is fundamentally misconceived. A notice under Section 148 of the IT Act accompanied by an order under Section 148A(d) is required to be issued within the time stipulated under Section 149 of the IT Act. Section 148A(d) does not govern the computation of time as contemplated in terms of Section 149 of the IT Act. The entire process under Section 148A(a) to (d) and the issuance of notice under Section 148 has to be completed within the total time available in terms of Section 149(1) of the IT Act for issuance of notice under Section 148. A notice issued under Section 148 of the IT Act which is beyond the time line stipulated under Section 149(1) is non-complaint and invalid. The timeline under Section 148A(d) is for the Assessing Officer to comply with the stipulations and the

streamlining contemplated under Section 148A. This is primarily to bring in transparency and accountability into the system and is intended for the benefit of the assessee. However to suggest that Section 148A(d) extends the time limit under Section 149(1) and/or has a bearing on the time under Section 149(1) is a submission which is misconceived and lacks legal sanctity.

17. This principle was subsequently followed in ***Hitesh Ramniklal Shah v. Assistant Commissioner of Income-tax, [2025] 180 taxmann.com 642 (Bombay), Writ Petition No.4164 of 2025***. In paragraph 25, the Hon'ble Court expressly followed the aforesaid interpretation in ***Gurpreet Singh*** and, in paragraph 26, held the notice barred by limitation, observing that "it is issued much after the surviving period."

18. Although these decisions arose from transitional reassessment proceedings involving TOLA, the principle concerning the relationship between sections 148A(d) and 149 applies to the present issue. The limitation in the assessee's case must, however, be computed with reference to its own chronology and the statutory provisions applicable on the date of issuance of the impugned notice.

19. In the present case, the ordinary period of three years from the end of assessment year 2019-20 expired on 31.03.2023. The notice under section 148A(b) was issued on 29.03.2023, requiring the assessee to furnish his explanation on or before 14.04.2023. The assessment order expressly records that the assessee furnished his reply on 14.04.2023. Neither the assessment order nor the factual narration in the CIT(A)'s order records any further extension of the time allowed for furnishing that reply or any court-ordered stay affecting the computation. Upon excluding the recorded reply period under the fifth proviso to section 149(1), the remaining period was less than seven days and consequently stood extended

to seven days under the sixth proviso. Thus, on the chronology recorded in the lower orders, the permissible period for issuance of notice under section 148 expired on 21.04.2023. The order under section 148A(d) and the consequential notice under section 148 were both passed and issued on 24.04.2023, beyond the permissible period.

20. The sixth proviso extends the short remaining period to seven days. It does not provide an additional seven days over and above that remaining period. Further, the time prescribed under section 148A(d) for passing an order cannot independently enlarge the limitation governing issuance of notice under section 148. Applying the principle explained by the Hon'ble jurisdictional High Court, compliance with the one-month period contemplated under section 148A(d) would not dispense with compliance with section 149. Consequently, the passing of the order under section 148A(d) during April 2023 cannot, by itself, establish that the notice under section 148 issued on 24.04.2023 was within limitation.

21. We further find that the CIT(A)'s conclusion on limitation proceeds upon an incorrect identification of the notice. In paragraphs 7.4 and 7.5 of the appellate order, the CIT(A) treated 29.03.2023 as the date of the notice under section 148. However, that date pertains to the preliminary show-cause notice under section 148A(b). The assessment order expressly records that the order under section 148A(d) was passed and the notice under section 148 was issued on 24.04.2023. Paragraph 3.3 of the CIT(A)'s own order also records this chronology. The finding that the notice under section 148 was issued on 29.03.2023 and was consequently within limitation is, therefore, factually unsustainable. Issuance of the preliminary notice within the ordinary three-year period did not

dispense with the requirement to issue the subsequent notice under section 148 within the limitation computed after the applicable statutory exclusions and extension.

22. The reference in the lower orders to prior approval of the specified authority also does not answer the limitation objection. The proviso to section 151, inserted with effect from 01.04.2023, requires the three-year period for clause (i) to be computed after taking into account the relevant exclusions and extension under section 149. Accordingly, the mere fact that approval or issuance of notice occurred after 31.03.2023 would not, by itself, establish that approval was required from a different authority. Nevertheless, obtaining approval cannot confer an independent extension of the limitation prescribed under section 149. Even assuming that the requisite approval was duly obtained, it cannot sustain a notice issued beyond the permissible period. Our decision rests on limitation, and it is unnecessary to adjudicate independently upon the competence of the approving authority.

23. In view of the foregoing discussion, we hold, on the chronology expressly recorded in the orders of the lower authorities, that the notice under section 148 dated 24.04.2023 was issued beyond the limitation prescribed under section 149(1)(a), read with the applicable provisos. The notice is, therefore, invalid, and the reassessment founded upon it cannot be sustained. Accordingly, the impugned order dated 22.01.2026 passed by the CIT(A) is set aside, and the reassessment order dated 10.12.2024 passed under section 147 read with section 144B of the Act is quashed. Ground No.1 is allowed to this extent.

24. Since the reassessment has been quashed on the ground of limitation, the jurisdictional contention raised in Ground No.2 and

the other objections concerning the basis of reopening do not require separate adjudication and are left open. Grounds Nos.3 to 5, concerning the deduction under section 80GGC and reliance upon third-party material, have become academic. We express no opinion on the genuineness of the donation or the admissibility of the deduction on merits. Ground No.6 is general in nature and requires no separate adjudication.

25. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 01.10.2026.

Sd/- (NARENDER KUMAR CHOUDHRY) JUDICIAL MEMBER	Sd/- (MAKARAND VASANT MAHADEOKAR) ACCOUNTANT MEMBER
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Mumbai, Dated 01.10.2026

Tarun Kushwaha
Sr. P.S.

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / The CIT(A)
4. आयकर आयुक्त(अपील) / Concerned CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुम्बई/ DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/BY ORDER,

1.
उप/सहायक पंजीकार (Asst. Registrar)
आयकर अपीलीय अधिकरण, मुम्बई /
ITAT, Mumbai