आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH: CHENNAI

श्री यस यस विश्वनेत्र रवि, न्यायिक सदस्य एवं सुश्री पदमावती यस, लेखा सदस्य के समक्ष
BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND MS. PADMAVATHY.S, ACCOUNTANT MEMBER

ITA No.3417/CHNY/2026 निर्धारण वर्ष/**Assmt. Year: 2015-16**		
NADUPATTY VENKATACHALAM JAYARAMAN, NADUPATTY, CP VALASU – POST VALAPADI – TK, CP VALASU BO, NADUPATTI, SALEM-636104. PAN: AJVPJ 2664B	Vs.	ITO, WARD-1(6), SALEM.
(अपीलार्थी / **Appellant**)		(प्रत्यर्थी / **Respondent**)

निर्धारिती द्वारा/Assessee represented by:	Mr. S.Bhupendran, Advocate
राजस्व द्वारा/Revenue represented by:	Ms. Anshu Sharatwat, Addl. CIT

सुनवाई की तारीख / Date of conclusion of hearing:	18-09-2026
घोषणा की तारीख / Date of pronouncement:	08-10-2026

आदेश / O R D E R

PER PADMAVATHY.S, A.M:

This appeal by the assessee is against the order of the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi, (in short "CIT(A)") passed u/s. 250 of the Income Tax Act, 1961 (in short "the Act") dated 30.04.2026 for Assessment Year (AY) 2015-16.

2. The assessee is an individual and did not file the return of income for the year under consideration. The AO received information that the assessee had substantial financial transactions in various bank accounts. Since the

assessee did not file the return of income, the A.O reopened the assessment by issue of notice u/s. 148 of the Act dated 11.04.2022 after passing order u/s. 148A(d) of the Act 08.04.2022. In response to notice u/s. 148 of the Act, the assessee filed the return of income declaring total income of Rs.2,47,653/-. The AO called on the assessee to furnish various details with regard to the cash deposits. The A.O after considering the submissions of the assessee treated an amount of Rs.47,91,000/- as unexplained money u/s. 69A of the Act. Aggrieved, the assessee filed further appeal before the CIT(A). Before the CIT(A), the assessee raised a legal contention that the notice u/s. 148 of the Act is barred by limitation. The CIT(A) dismissed the legal contentions of the assessee and upheld the addition made by the AO on merits. The assessee is in appeal before the Tribunal against the order of the CIT(A).

3. The Ld. Authorized Representative (AR) of the assessee submitted that if the legal contentions raised with regard to the notice u/s.148 of the Act being barred by limitation is considered and adjudicated in favour of the assessee then the other grounds would become academic. Accordingly, we proceed with adjudicate the ground raised with regard to the notice u/s. 148 of the Act being barred by limitation.

4. The contention of the Ld. AR at the outset is that the notice u/s. 148 issued on 11.04.2022 for AY 2015-16 is beyond the time limit of six years and therefore barred by limitation as per the first proviso to the un-amended provisions of section 149(1) of the Act as has been confirmed by the decision of the Hon'ble Supreme Court in the case of Rajeev Bansal [2024] (SCC

online 754). The Ld. AR further submitted that the coordinate bench has been consistently holding that the notice u/s.148 issued beyond six years is not valid and accordingly, it was argued that the issue is covered by the judicial precedence.

5. The Ld. DR on the other hand vehemently argued that the decision of Hon'ble Supreme Court is misquoted and that the decision did not qualify any notice on limitation only on procedure. The Ld. DR further relied on the decision of the Hon'ble Madras High Court in Ravi Constructions vs. ACIT, W.P. No.11606 of 2023, dated 23.02.2026, and submitted that the notice is saved by the fifth and sixth provisos to section 149, which exclude certain periods while computing the time limit for issuing a notice.

6. We heard the parties and perused the material on record. The issue of validity of notice u/s.148 issued after 31.03.2022 is no longer res integra since the Courts and the coordinate benches have been consistently holding that the notice u/s.148 issued for AY 2015-16 beyond 31.03.2022 as invalid. However, the ld DR’s argument that in the present case, the notice u/s.148A(b) being issued under the new regime and the argument on the applicability of the ratio of the decision of the Hon'ble Madras High Court in Ravi Constructions (supra) to the present case need to be addressed for the sake of completeness. We notice that Hon’ble jurisdictional High Court in the case of Appenell Holdings Ltd vs DCIT [(2026) 188 taxmann.com 744 (Madras)] has taken an identical view by placing reliance on the decision in

the case of Ravi Constructions (supra). The relevant observation of the Hon'ble High Court in this regard as extracted below –

> ***31.*** *Similar issues have came before this Court on several occasions and several orders have been passed wherein it has been clearly clarified that the so called concession recorded in Paragraph No.19 from the decision of the Hon'ble Supreme Court in Rajeev Bansal case referred to supra was indeed not concessional.*
> ***32.*** *That apart, the issue has been answered by this Court in all these cases:-*

1.	*D.Tamilselvi v. The Income Tax Officer, Virudhunagar in W.P.(MD)No.30938 of 2024 etc., batch vide order dated 15.09.2025.*
2.	*Mrs. Thulasidass Prabavathi v. ITO [2025] 174 taxmann.com 508/[2026] 486 ITR 270 (Madras)/W.P.No.19010 of 2022 vide order dated 24.01.2025.*
3.	*Kandasamy Veluswamy v. Asstt. CIT [2026] 182 taxmann.com 74/308 Taxman 519 (Madras)/W.P.No.26533 of 2022 vide order dated 28.11.2025.*
4.	*Ravi Constructions v. Asstt. CIT [W.P. No.11606 of 2023, dated 23.02.2026].*
5.	*Exemplarr Worldwide Ltd. v. CBDT [W.P. No.15322 of 2023, dated 20.04.2026].*
6.	*S. Palani v. Addl./Jt./Dy./Asstt. CIT/ITO, NFAC, Delhi [2026] 186 taxmann.com 150 (Madras)/W.P.No.15325 of 2023 vide order dated 20.04.2026.*

> ***33.*** *The ratio of these cases will apply to the facts of the present case. The Impugned Order is dated 28.07.2022. It was passed under Section 148A(d) of the Act as it stood in force with effect from 01.04.2021. Similarly, the Notice dated 28.07.2022 was issued under Section 148 of the Act as it stood during the aforesaid period for the Assessment Year 2015-2016.*
>
> ***34.*** *Therefore, this Writ Petition is liable to be dismissed. The Respondents are therefore directed to complete the assessment. Needless to state, the Petitioner shall be entitled to participate in the proceedings in accordance with law in the aforesaid assessment proceedings.*
>
> ***35.*** *The Respondents shall pass appropriate orders on merits as expeditiously as possible once the Petitioner files the Reply. Since the Web Portal would*

have been closed, the Petitioner is directed to keep the Reply ready and file it before the 1st Respondent within a period of 30 days from the date of receipt of a copy of this order. Thereafter, the Respondents or any other jurisdictional Assessing Officer or Assessing Authority, may pass appropriate orders after hearing the Petitioner.

36. *This Writ Petition is dismissed with the above liberty. No costs. Connected Writ Miscellaneous Petition is closed.*

7. We also notice that the above decision has been reversed by the decision of the division bench reported in (2026) 190 taxmann.com 352 (Madras) where it is held that –

4. *Similar issue was considered by this Court in Shanmugha Arts, Science Technology and Research Academy v. ACIT (Exemptions) [2026] 190 taxmann.com 13 (Mad)/W.A.No.1925 of 2026 Vide judgment dated 16.07.2026, the writ appeal was allowed on the ground that when the first notice was issued on 12.04.2021 and the subsequent notice under Section 148A(b) was issued on 31.03.2022 culminating in the order dated 02.05.2022 and since all these steps pertaining to the Assessment Year 2015-16 were taken well after the cut-off date of 01.04.2021, the entire re-assessment exercise is clearly out of time and completely unsustainable in law. The said judgment in W.A.No.1925 of 2026 is reproduced below:*

> *"This appeal is directed against the order dated 3.6.2026, passed by the learned Single Judge in W.P.No.29752 of 2023. By the impugned order, the learned Single Judge dismissed the appellant's challenge to the reassessment notices and the consequential order issued under the Income Tax Act, 1961, holding that the proceedings were initiated within the period of limitation.*
>
> *2. The issue raised before us is whether the reassessment notices issued to the appellant for the Assessment Year 2015-2016 are barred by time.*
>
> *3. At the threshold, learned Additional Solicitor General submitted that the statutory boundary lines for reopening past assessments were comprehensively examined by the Supreme Court in Union of India v. Rajeev Bansal 2024 SCC Online SC 2693. He drew our attention to paragraph 19(f) of the decision in Rajeev Bansal (supra), wherein the Supreme Court explicitly recorded the stance of the Revenue regarding the specific timeline applicable to the Assessment Year 2015-2016. It was*

acknowledged that for the Assessment Year 2015-2016, any notice issued on or after 1.4.2021 must be dropped, as such actions would not fall for completion during the period prescribed under the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (TOLA).

4. Learned Additional Solicitor General fairly conceded that the controversy in the present appeal is squarely governed by the aforesaid decision of the Supreme Court. ***It is admitted that since the underlying dispute relates to the Assessment Year 2015-2016 and all notices were issued after 1.4.2021, the same will not survive the test of limitation and must be dropped.***

5. In the present case, the first notice was issued on 12.4.2021, and the subsequent notice under Section 148A(b) of the Act was issued on 31.3.2022, culminating in the order dated 2.5.2022. Since all these steps pertaining to the Assessment Year 2015-2016 were taken well after the cut-off date of 1.4.2021, the entire reassessment exercise is clearly out of time and completely unsustainable in law.

6. As a sequel, the appeal is allowed. The impugned order passed by the learned Single Judge dated 3.6.2026 is set aside. The notices dated 12.4.2021 and 31.3.2022 as well as the order dated 2.5.2022 are hereby quashed.

There shall be no order as to costs. Connected interim application stands closed."

5. *In the present case, the first notice was issued on 30.06.2021 under the old regime and thereafter, the impugned order under Section 148(1)(d) was passed on 28.07.2022 under the new regime, which is well after the cut-off date of 01.04.2021. Therefore, the issue is squarely covered by the aforesaid decision of this Court in this Court in W.A.No.1925 of 2026.*

6. *In view of the above, this writ appeal is allowed and the impugned order of the learned Single Judge dated 13.07.2026 is set aside. The notice issued pursuant to the aforesaid proceedings also stands quashed. There shall be no order as to costs. Consequently, the interim application stands closed.*

8. From the combined perusal of the above decisions it is clear that the reliance placed by the Ld. DR on the decision of Ravi Constructions (supra)

may not support the cause considering that the division bench in the above case has reversed the decision where Ravi Constructions (supra) was relied on and that the Hon'ble High Court has upheld the ratio that for AY 2015-16 any notice issued on or after 01.04.2022 is barred by limitation. Now there may arise contention that in the above appeal the notice under section 148 was issued under the old regime whereas in the present appeal the notice under section 148 was issued under new regime and therefore distinguishable. In order to address the said contention, we proceed to adjudicate the validity of the notice under section 148 issued under the new regime beyond 31.03.2022. Before we proceed further it is relevant first look the provisions of section 149 of the Act under the new regime –

> ***149 - Time limit for notice.***
>
> *(1) No notice under section 148 shall be issued for the relevant assessment year,—*
>
> *(a) if three years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b);*
>
> *(b) if three years, but not more than ten years, have elapsed from the end of the relevant assessment year unless the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income chargeable to tax, represented in the form of—*
>
> *(i) an asset;*
>
> *(ii) expenditure in respect of a transaction or in relation to an event or occasion; or*
>
> *(iii) an entry or entries in the books of account,*
>
> *which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more:*
>
> *Provided that no notice under section 148 shall be issued* ***at any time*** *in a case for the relevant assessment year beginning on or before 1st day of April, 2021, if a notice under section 148 or section 153A or section 153C* ***could not have been issued at that time*** *on account of being*

beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section or section 153A or section 153C, as the case may be], as they stood immediately before the commencement of the Finance Act, 2021

***Provided further** that the provisions of this sub-section shall not apply in a case, where a notice under section 153A, or section 153C read with section 153A, is required to be issued in relation to a search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, on or before the 31st day of March, 2021:*

***Provided also** that for the purposes of computing the period of limitation as per this section, the time or extended time allowed to the assessee, as per show-cause notice issued under clause (b) of section 148A or the period during which the proceeding under section 148A is stayed by an order or injunction of any court, shall be excluded:*

***Provided also** that where immediately after the exclusion of the period referred to in the immediately preceding proviso, the period of limitation available to the Assessing Officer for passing an order under clause (d) of section 148A is less than seven days, such remaining period shall be extended to seven days and the period of limitation under this sub-section shall be deemed to be extended accordingly.*

Explanation.—For the purposes of clause (b) of this sub-section, "asset" shall include immovable property, being land or building or both, shares and securities, loans and advances, deposits in bank account.

(2) The provisions of sub-section (1) as to the issue of notice shall be subject to the provisions of section 151

9. From the plain reading of the above provisions it is clear that the first proviso to section 149 bars the issue of a notice u/s.148 at any time, for an assessment year beginning on or before 01.04.2021. The bar applies if such notice could not have been issued at that time, on account of being beyond the time limit under the old law as it stood immediately before the

commencement of the Finance Act, 2021. In our view, the words "at any time" show that the bar applies to a notice issued on any date whatsoever and the words "at that time" carry the same date into the test, so that the question to be asked is whether a notice issued on that very date could have been issued under the old law. This is a simple comparison between the date of issue of the notice and the time limit under the old law, is a fixed yardstick since the proviso refers only to the provisions as they stood immediately before the Finance Act, 2021. In other words, the first proviso is independent and has to be tested only under the old provisions of the Act first. The Hon'ble Supreme Court's following observations in the case of Rajeev Bansal strengthens our view –

> *46. The ingredients of the proviso could be broken down for analysis as follows:*
>
> *(i) no notice under section 148 of the new regime can be issued at any time for an assessment year beginning on or before 1 April 2021;*
>
> *(ii) if it is barred at the time when the notice is sought to be issued because of the "time limits specified under the provisions of" 149(1)(b) of the old regime.*
>
> ***Thus, a notice could be issued under section 148 of the new regime for assessment year 2021-2022 and before only if the time limit for issuance of such notice continued to exist under section 149(1)(b) of the old regime**.*
>
> *49. The first proviso to Section 149(1)(b) requires the determination of whether the time limit prescribed under section 149(1)(b) of the old regime continues to exist for the assessment year 2021-2022 and before.* ***Resultantly, a notice under Section 148 of the new regime cannot be issued if the period of six years from the end of the relevant assessment year has expired at the time of issuance of the notice.*** *This also ensures that the new time limit of ten years prescribed under section 149(1)(b) of*

the new regime applies prospectively. For example, for the assessment year 2012-2013, the ten year period would have expired on 31 March 2023, while the six year period expired on 31 March 2019. Without the proviso to Section 149(1)(b) of the new regime, the Revenue could have had the power to reopen assessments for the year 2012-2013 if the escaped assessment amounted to Rupees fifty lakhs or more. The proviso limits the retrospective operation of Section 149(1)(b) to protect the interests of the assesses.

10. The above observations of the Hon'ble Supreme Court clearly explain the intention and the interpretation of first proviso whereby the reopening of assessments for AYs prior to AY 2021-22 is protected from retrospective applicability. Further the Apex Court also explains how the time limit under the first proviso needs to be tested without which the revenue would get the extended time for AYs prior to AY 2021-22 (refer example of AY 2013-14). Therefore, in our view, the applicability of the first proviso has to be tested first with regard to law that existed prior to 01.04.2021 and if the notice fails the said test, then the same is barred by limitation. Now there may arise an argument that if the above view is to be accepted then there is no reason why the fifth and the sixth proviso exists under section 149. The fifth and sixth provisos to section 149 exclude the time allowed for a reply under section 148A(b) and the period of a court stay. In our view the test of fifth and sixth proviso is to be considered while testing the validity of the of notices issued for those AYs after 01.04.2021 under the new regime and for AYs prior to 01.04.2021 only where the notices got revived as per the directions of the Hon'ble Supreme Court in the case of Ashis Agrawal (supra) i.e. to those AYs to which TOLA is applicable. The Hon'ble Supreme Court in the case of Rajeev Bansal further clarified the applicability of TOLA by stating that the

relaxation under TOLA continues to apply after 01.04.2021 only where the time limit for the action in question would have expired between 20.03.2020 and 31.03.2021. The uniqueness of AY 2015-16 is that the time limit for issue of notice under the old regime of section 149 i.e. 6 years does not fall within the said period where the 6 years period expires only on 31.03.2022. Therefore, the applicability of first proviso has to be tested independent of TOLA and on that count also for AY 2015-16 the time limit under section 149 cannot travel beyond the test of the first proviso to section 149 of the Act. In other words, we are of the view that the first proviso, by its own words, decides the question, and therefore the requirement to examine whether any period can be excluded under the fifth and sixth provisos does not arise even for notices issued under the new regime for AYs prior to AY 2021-22 where TOLA is not applicable.

11. For the sake of completeness when we referred to the Finance Bill, 2021, which introduced the new scheme of reassessment, where it is stated in its Memorandum that the object of the new scheme was to reduce litigation and provide ease of doing business to taxpayers. The Budget Speech introducing the Bill also stated that the time limit for reopening was being reduced from six years to three years, so that taxpayers would not remain under uncertainty for a long time. We are of the view that reading the fifth and sixth provisos as reviving a notice that is otherwise barred under the first proviso would go against this stated purpose, since it would allow an assessment year that had already become final under the old law to be reopened once again. In view of the above discussion, we hold that the notice

dated 11.04.2022 issued u/s.148 of the Act for AY 2015-16 is barred by limitation under the first proviso to section 149 of the Act. The said notice, and the consequent reassessment proceedings, are accordingly quashed.

12. Considering that we have allowed the legal contention of the assessee the contentions on merits have become academic not warranting any adjudication.

13. In the result, the appeal of the assessee is allowed.

Order pronounced on 08th day of October, 2026 at Chennai.

Sd/-	**Sd/-**
(यस यस विश्वनेत्र रवि)	(पदमावती यस)
(SS Viswanethra Ravi)	**(Padmavathy.S)**
न्यायिक सदस्य / Judicial Member	**लेखा सदस्य /Accountant Member**

चेन्नई/Chennai, दिनांक/Dated*: 08th October, 2026.*
EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**
1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF