

IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, CHANDIGARH

HYBRID HEARING

**BEFORE HON'BLE SHRI RAJPAL YADAV, VICE PRESIDENT
AND
HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**

**1. आयकर अपील सं. / ITA No.609/CHANDI/2025
(निर्धारण वर्ष / Assessment Year: 2018-19)**

ACIT-Circle-1 Aaykar Bhawan, Rishi Nagar Ludhiana – 141001	बनाम/ Vs.	Sharmanji Yarns Pvt. Ltd. Village Lakhawal Road Kohara, Jandiali Ludhiana - 141112
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AAHCS-6629-R		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

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**2. आयकर अपील सं. / ITA No.646/CHANDI/2025
(निर्धारण वर्ष / Assessment Year: 2018-19)**

Sharmanji Yarns Pvt. Ltd. Village Lakhawal Road Kohara, Jandiali Ludhiana - 141112	बनाम/ Vs.	DCIT-Circle-1 Aaykar Bhawan, Rishi Nagar Ludhiana – 141001
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AAHCS-6629-R		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

Assessee By	:	Shri Tej Mohan Singh (Advocate) – Ld. AR
Revenue By	:	Smt. Kusum Bansal (CIT)(Virtual) a/w Dr. Ranjit Kaur (Addl. CIT) – Ld. DRs

सुनवाईकीतारीख/ Date of Hearing	:	08-10-2025
घोषणाकीतारीख / Date of Pronouncement	:	12/11/2025

आदेश / O R D E R

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid cross-appeals for Assessment Year (AY) 2018-19 arises out of an order of learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 03-03-2025 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s. 147 r.w.s 144B of the Act on 21-03-2024. The sole issue that arises for our consideration is addition of alleged bogus purchases for Rs.29.69 Crores as made by Ld. AO in the assessment order for purchases made by the assessee from four parties as tabulated on Page-2 of the assessment order. The Ld. CIT(A) has estimated addition of 9% against the same. Aggrieved, the assessee as well as revenue is in further appeal before us.

2. The Ld. AR, at the outset, raised pertinent legal ground by way of ground no.1 and stated that reopening is bad-in-law and in derogation of the provisions of Sec.151A read with CBDT Notification No.18/2022 dated 29-03-2022 which mandate issuance of such notice by Faceless Assessing Officer (FAO) only. The Ld. AR asserted that in terms of ratio of various decisions of jurisdictional High Court, issuance of notice u/s 148 by Jurisdictional Assessing Officer (JAO) instead of Faceless Assessing Officer (FAO) would vitiate the entire assessment proceedings. The Ld. AR referred to notice issued by Ld. AO u/s 148 on 07-04-2022 which is kept on Page No.11 of the paper-book. This notice has been issued by *Shri Jatin Abbi, Circle-1, Ludhiana* who happens to be Jurisdictional

Assessing Officer (JAO) of the assessee. The CIT-DR could not controvert the said position but stated that the matter is under consideration before Hon'ble Supreme Court.

3. The undisputed fact that emerges is that notice u/s 148 has been issued on 07-04-2022 by Jurisdictional Assessing Officer (JAO) instead of Faceless Assessing Officer (FAO). This notice, in terms of notification of the Central Government dated 29-03-2022 u/s 151A sub-section (1) and (2) of the Income Tax Act, was required to be issued by FAO. The failure to do so would vitiate the assessment proceedings as per the lead decision of Hon'ble High Court of Punjab & Haryana in the case of **Jatinder Singh Bhangu (165 Taxmann.com 115; dated 19-07-2024)**, the substantive portion of which read as under: -

15. 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 in tax 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 read with 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.

16. In the wake of above discussion and findings, we find it appropriate to subscribe view expressed by Bombay, Telangana and Gauhati High Court. The instant petitions deserve to be allowed and accordingly allowed.

17. The notices issued by Jurisdictional Assessing Officer under Section 148 are hereby quashed with liberty to respondent to proceed in accordance with procedure prescribed by law.

This decision has been followed by the same court in several subsequent decisions, the latest being the decision in **Om Satya Overseas (178 Taxmann.com 137; dated 29-08-2025)**. No change in facts has been demonstrated and nothing has been shown that the aforesaid decisions have subsequently been stayed by any higher appellate forums. Therefore, respectfully following the same, we would hold that the impugned notice as issued by JAO u/s 148 on 07-04-2022 is liable to be quashed on this score only. We order so. Consequently, delving into other grounds of assessee's appeal as well as revenue's appeal has been rendered merely academic in nature and hence, not dealt with by us. The impugned assessment order stand quashed. The addition made by Ld. AO would not survive.

4. The assessee's appeal stand allowed in terms of our above order. The revenue's appeal has been rendered infructuous.

Order pronounced on 12/11/2025

Sd/-
(RAJPAL YADAV)
VICE PRESIDENT

Sd/-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Dated: 12/11/2025

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH