
[2026] 183 taxmann.com 765 (Hyderabad - Trib.)[16-01-2026]

INCOME TAX: Where order under section 148A(d) and notice under section 148 were issued by Jurisdictional Assessing Officer after introduction of faceless reassessment scheme under section 144B read with section 151A and E-Assessment of Income Escaping Assessment Scheme, 2022, reassessment completed under section 147 read with section 144B treating cash deposits as unexplained money under section 69A was without jurisdiction and liable to be quashed



[2026] 183 taxmann.com 765 (Hyderabad - Trib.)

IN THE ITAT HYDERABAD BENCH 'A'

Mohd. Shoaib UR Rahman

v.

Income-tax Officer*

RAVISH SOOD, JUDICIAL MEMBER
AND MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER
I.TAPPEAL NO. 1561 (HYD) OF 2025
[ASSESSMENT YEAR 2015-16]
JANUARY 16, 2026

Section 69A, read with sections 147, 148 and 144B, of the Income-tax Act, 1961 - Unexplained moneys (Reassessment) - Assessment year 2015-16 - On basis of information flagged under Risk Management Strategy through ITBA under head 'NMS cases' showing substantial purchase/sale of equity shares and cash deposits with no return filed, proceedings under section 148A were initiated - After e-Assessment of Income Escaping Assessment Scheme, 2022 was notified, Jurisdictional Assessing Officer passed order under Section 148A(d) and issued notice under section 148 - Faceless Assessing Officer completed reassessment under section 147 read with section 144B, treating cash deposits as unexplained money under section 69A - Whether since order under section 148A(d) and notice under section 148 were issued by Jurisdictional Assessing Officer after introduction of faceless reassessment scheme, in violation of section 144B read with section 151A and notified e-Assessment Scheme, reassessment completed under section 147 read with section 144B was without jurisdiction and liable to be quashed – Held, yes [Paras 13 and 14] [In favour of assessee]

FACTS

- The Assessing Officer based on specific information flagged as per Risk Management Strategy, formulated by the CBDT through ITBA software under the head 'NMS cases', which revealed that the assessee during the subject year had carried out substantial financial transactions, viz., (i) purchase/sale of equity shares; and (ii) cash deposits in bank account, but had not filed his return of income for the year under consideration, initiated proceedings under section 148A.
- The ITO, Ward-4(1), Hyderabad, i.e., Jurisdictional Assessing Officer (JAO) passed an order under section 148A(d). Thereafter, the JAO issued notice under section 148. In response, the assessee filed his return of income for assessment year 2015-16, declaring an income of Rs. 1.69 lakhs.
- Thereafter, the Faceless Assessing Officer (FAO)vide his order under section 147 read with section 144B

after making an addition of the unexplained cash deposits made by the assessee in his bank account under section 69A of Rs. 1.33 crores, determined his income at Rs. 1.35 crores.

- On appeal, the Commissioner (Appeals) also upheld the order of the FAO.
- On appeal to the Tribunal:

HELD

- The issue involved in the present appeal, i.e., the validity of the assessment order passed under section 147 read with section 144B by the Assessment Unit, Income-Tax Department, i.e., Faceless Assessing Officer (FAO), based on the order passed under section 148A(d) and Notice under section 148, issued by the Income Tax Officer, i.e., the JAO, as on date is squarely covered by the Judgment of the High Court of Telangana in the case of Kankanala Ravindra Reddy v. ITO [2023] 156 taxmann.com 178/295 Taxman 652 (TELANGANA). The High Court in its aforesaid order had held that after the formulation of the 'E-Assessment of Income Escaping Assessment Scheme, 2022', the notice under section 148 can only be issued by the FAO and not by the JAO. [Para 13]
- Thus, the impugned orders and notices issued by the Jurisdictional Assessing Officer (JAO), i.e., outside the faceless mechanism as provided in section 144B read with section 151A and the 'E-Assessment Scheme of Income Escaping Assessment Scheme, 2022' notified by the Government of India on 29-3-2022 under section 151A, are bad and illegal. Consequent thereto, the order passed by the Commissioner (Appeals) is set aside, and the impugned assessment order passed by the Assessment Unit, Income-tax Department, i.e., FAO under section 147 read with section 144B, is quashed, for want of a valid assumption of jurisdiction on his part. [Para 14]
- As the assessment is quashed for want of valid assumption of jurisdiction by the Assessment Unit, Income-Tax Department, i.e., Faceless Assessing Officer (FAO) for framing the impugned assessment vide order passed under section 147 read with section 144B, based on the Notice under section 148 issued by the Income Tax Officer, i.e., JAO, therefore, the other grounds based on which the assessee has assailed the impugned order of the Commissioner (Appeals) are refrained from being adverted to, which, thus, are left open. [Para 15]
- Resultantly, the order passed by the Assessment Unit, Income Tax Department, i.e., Faceless Assessing Officer (FAO) under section 147 read with section 144B, is quashed for want of a valid assumption of jurisdiction by him. [Para 16]
- It is observed that the High Court, while disposing of the appeal in the case of Kankanala Ravindra Reddy (supra), observed that since the Supreme Court had, in the case of Union of India v. Ashish Agarwal [2022] 138 taxmann.com 64/444 ITR 1/286 Taxman 183 (SC) as a one-time measure exercised the powers under Article 142 of the Constitution of India, and permitted the revenue to proceed under the substituted provisions, therefore, on the same terms as the petitions before the High Court were being allowed only on the procedural flaw, the right conferred on the revenue would remain reserved to proceed further if they so want from the stage of the order of the Supreme Court in the case of Ashish Agarwal. On the same terms, the same liberty is allowed to the revenue regarding the present appeal. [Para 17]
- It is further observed that the High Court in its order in the case of Yashnu Ysasvi Polucherla v. ITO [2025] 179 taxmann.com 470 / 307 Taxman 393 (Telangana), had held that as its earlier order in the case of Kankanala Ravindra Reddy (supra) is subjected to challenge before the Supreme Court in SLP No.3574 of 2024, preferred by the Income Tax Department, therefore, the allowing of the writ petition in the case before the High Court is subject to the outcome of the aforesaid SLP preferred by the revenue against its decision in the case of Kankanala Ravindra Reddy (supra). On the same terms, liberty is allowed to either of the parties to seek revival of the matter in light of the decision of the Supreme Court in the aforesaid SLP. As the assessment has been quashed for want of valid assumption of jurisdiction by the Assessing Officer in terms of the aforesaid observations, the other grounds are not adjudicated and are left open. [Para 18]
- In the result, the appeal filed by the assessee is allowed in terms of the aforesaid observations. [Para 19]

CASE REVIEW

Kankanala Ravindra Reddy v. ITO [2023] 156 taxmann.com 178/295 Taxman 652 (TELANGANA) (para 14), and *Yashnu Yasasvi Polucherla v. ITO* [2025] 179 taxmann.com 470 / 307 Taxman 393 (Telangana) (para 18) followed

CASES REFERRED TO

National Thermal Power Co. Ltd. v. CIT [1998] 97 Taxman 358/ 229 ITR 383 (SC) (para 3), *Kankanala Ravindra Reddy v. ITO* [2023] 156 taxmann.com 178/295 Taxman 652 (TELANGANA) (para 10), *Kishan Kumar Thotakura v. Asstt. CIT* [Writ Petition No. 14681 of 2023, dated 28-10-2025] (para 10), *Union of India v. Ashish Agarwal* [2022] 138 taxmann.com 64/444 ITR 1/286 Taxman 183 (SC) (para 17) and *Yashnu Yasasvi Polucherla v. ITO* [2025] 179 taxmann.com 470 / 307 Taxman 393 (Telangana) (para 18).

Akshay Surana, CA for the Appellant. **S. Arun Kumar**, Sr. AR for the Respondent.

ORDER

RAVISH SOOD, Judicial Member.- The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, dated 17/07/2025, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under section 147 r.w.s 144B of the Income Tax Act, 1961 (for short, "the Act"), dated 24/02/2024 for the Assessment Year (AY) 2015-16. The assessee has assailed the impugned order of the CIT(A) on the following grounds of appeal:

- "1) The order of the Learned Commissioner of Income Tax (Appeals), NFAC is against law and facts of the case
- 2) The Ld. Commissioner of Income Tax (Appeals)NFAC has failed to appreciate that the notice issued u/s 148 of the Act is barred by limitation and deserves to be quashed
- 3) The Ld. Commissioner of Income Tax (Appeals), NFAC has failed to appreciate that the notices issued under section 148 and 148A of the Act are without jurisdiction and deserve to be quashed
- 4) The Ld. Commissioner of Income Tax (Appeals), NFAC and 4 the Assessing officer have erred in making an addition of Rs 1,33,40,906 U/s 69A of the Act as unexplained money
- 5) The Ld. Commissioner of Income Tax (Appeals), NFAC and 5 the Assessing officer have failed to take cognizance of and appreciate the evidence and explanations offered by the assessee."

2. Also, the assessee has raised the additional grounds of appeal, which reads as under:

- "6) The Ld. CIT(A) failed to consider that the Reopening of Assessment under section 147 is time barred as per the provisions of section 149.
- 7) The Ld. CIT(A) ought to have concluded that the initiation of impugned assessment itself is bad in law as the same is against the faceless scheme and thus the notice issued U/s 148 of the Act by the JAO itself is bad in law.
- 8) The Ld.AO erred in not considering that (CBDT) vide notification No. 15/2022 dated 28.03.2022, and notification No. 18/2022 dated 29.03.2022 that it is mandatory to conduct/initiate proceedings pertaining to reassessment under Section 147, 148 and 148A of the Act in a faceless manner."

3. As the assessee by raising the additional grounds of appeal has sought our indulgence for adjudicating certain legal issues, which require looking no further beyond the facts available on record, therefore, we have no hesitation in admitting the same. Our aforesaid view is fortified by the judgment of the Hon'ble Supreme Court in the case of *National Thermal Power Company Ltd. v. CIT* [1998] 97 Taxman 358 / 229 ITR 383 (SC).

4. Succinctly stated, the AO based on specific information flagged as per Risk Management Strategy, formulated by the CBDT through ITBA software under the head "NMS cases", which revealed that the assessee during the subject year had carried out substantial financial transactions, viz., (i) purchase/sale of

equity shares; and (ii) cash deposits in bank account, but had not filed his return of income for the year under consideration, initiated proceedings under section 148A of the Act.

5. The ITO, Ward-4(1), Hyderabad, *i.e.*, Jurisdictional Assessing Officer (for short, "JAO") passed an order under section 148A(d) of the Act, dated 07/04/2022. Thereafter, the JAO issued notice under section 148 of the Act, dated 07/04/2022. In response, the assessee filed his return of income for AY 2015-16 on 04/05/2022, declaring an income of Rs.1,69,136/-.

6. Thereafter, the Faceless Assessing Officer (for short, "FAO") *vide* his order under section 147 r.w.s 144B of the Act, dated 24/02/2024 after making an addition of the unexplained cash deposits made by the assessee in his bank account under section 69A of the Act of Rs.1,33,40,906/-, determined his income at Rs. 1,35,10,040/-.

7. Aggrieved, the assessee carried the matter in appeal before the CIT(A) but without success.

8. The assessee being aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

9. As the assessee has assailed the validity of the assessment framed by the FAO *vide* his order passed under section 147 r.w.s 144B of the Act, dated 24/02/2024, *inter alia*, on the ground that the ITO, Ward-4(1), Hyderabad, *i.e.*, JAO had passed the order under section 148A(d) of the Act, dated 07/04/2022 and issued the notice under section 148 of the Act, dated 07/04/2022, therefore, the assessment order passed without valid jurisdiction cannot be sustained and is liable to be struck down on the said count itself.

10. Shri Akshay Surana, CA, the Learned Authorised Representative (for short, "Ld. AR") for the assessee, at the threshold of hearing of the appeal, submitted that both the impugned order passed under Section 148A(d) of the Act, dated 07/04/2022 and Notice U/s 148 of the Act, dated 07/04/2022 issued by the Jurisdictional Assessing Officer (JAO), *i.e.*, outside the faceless mechanism as provided under the provisions of Section 144(b) read with Section 151A and the "E-Assessment Scheme of Income Escaping Assessment Scheme, 2022" notified by the Government of India on 29.03.2022 under Section 151A, are bad and illegal. Summing up his contention, the Ld. AR submitted that after the introduction of the "Faceless Jurisdiction of the Income Tax Authorities Scheme, 2022" and the "e-Assessment of Income Escaping Assessment Scheme, 2022", it is only the "Faceless Assessing Officer" (FAO) who can issue the notice under Section 148 of the Act and not the "Jurisdictional Assessing Officer" (JAO), and the assessments are statutorily required to be as per the prescribed faceless mechanism provided under the provisions of Section 144(b) r.w Section 151A of the Act. Elaborating further on his contention, the Ld. AR submitted that as the AO had invalidly assumed jurisdiction and framed the impugned assessment, therefore, the same cannot be sustained and is liable to be struck down for want of a valid assumption of jurisdiction on his part. The Ld. AR submitted that the subject issue is squarely covered by the judgment of the Hon'ble High Court of Telangana in the case of *Kankanala Ravindra Reddy v. ITO* [2023] 156 taxmann.com 178/295 Taxman 652 (TELANGANA)/Writ Petition Nos 25903 of 2023, dated 14.09.2023 and the Hon'ble High Court of Andhra Pradesh in the case of *Kishan Kumar Thotakura v. Asstt. CIT* [Writ Petition No. 14681 OF 2023 dated 28-10-2025].

11. Per Contra, Shri S. Arun Kumar, Senior Departmental Representative (Ld. Sr-DR), fairly admitted that the issue involved in the present appeal is covered by the judgment of the Hon'ble High Court of Telangana in the case of *Kankanala Ravindra Reddy (supra)*

12. We have given thoughtful consideration on the issue of validity of the jurisdiction assumed by the "Faceless Assessing Officer" (FAO) for framing the assessment *vide* his order passed under Section 147 r.w.s 144B of the Act, dated 24/02/2024 based on the order passed under Section 148A(d) of the Act, dated 07/04/2022 and Notice issued U/s 148 of the Act, dated 07/04/2022 by the Income Tax Officer, Ward-4(1), Hyderabad, *i.e.*, the "Jurisdictional Assessing Officer" (JAO).

13. In our view, the issue involved in the present appeal, *i.e.*, the validity of the assessment order passed under Section 147 r.w.s 144B of the Act, dated 24/02/2024 by the Assessment Unit, Income-Tax Department, *i.e.*, Faceless Assessing Officer (FAO), based on the order passed u/s 148A(d), dated 07/04/2022 and Notice u/s 148 of the Act, dated 07/04/2022, issued by the Income Tax Officer, Ward-4(1), Hyderabad, *i.e.*, the JAO, as on date is squarely covered by the Judgment of the Hon'ble High Court of Telangana in the case of *Kankanala Ravindra Reddy (supra)*. The Hon'ble Jurisdictional High Court in its aforesaid order had held that after the formulation of the "e-Assessment of Income Escaping Assessment Scheme, 2022", the notice under Section 148 of the Act can only be issued by the FAO and not by the JAO. For the sake of clarity, the observations of the Hon'ble High Court are culled out as under:

23. In furtherance to the powers conferred under sub-sections 1 and 2 of section 130 of the aforesaid Income-tax Act, the Central Board of Direct Taxes framed a scheme called as the "Faceless jurisdiction of Income Tax Authorities Scheme, 2022." A plain reading of the aforesaid notification would clearly reflect that as has been amended under section 130. The Central Board of Direct Taxes has framed a scheme which defines the Act to be the Income Tax Act and it specifically defines automated allocation which is defined under section 2 (1)(b), which again for ready reference is being re-produced herein under:

"In this Scheme, unless the context otherwise requires, -

(a) "Act" means the Income-tax Act, 1961 (43 of 1961);

(b) "automated allocation" means 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;"

Further Section 3 of the said scheme deals with vesting of the jurisdiction with the Assessing Officer, which again for ready reference is being reproduced herein under:

"vesting the jurisdiction with the Assessing Officer as referred to in section 124 of the Act, shall be in a faceless manner, through automated allocation, in accordance with and to the extent provided in-

(i) Section 144B of the Act with reference to making faceless assessment of total income or loss of assessee;"

24. In furtherance to the aforesaid notification, the Central Board of Direct Taxes again in exercise of its powers conferred under subsections 1 and 2 of section 151A framed another scheme called as the e-assessment of Income Escaping Assessment Scheme 2022, which defines automated allocation is reproduced herein under:

"In this Scheme, unless the context otherwise requires,-

(a) "Act" means the Income-tax Act, 1961 (43 of 1961);

(b) "automated allocation" means 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."

And the scope of the scheme again has been envisaged in Section 3 of the said scheme, which again for ready reference is being reproduced herein under:

"For the purpose of this Scheme,-

(a) assessment, reassessment or recomputation under section 147 of the Act,

(b) issuance of notice under section 148 of the Act, shall be through automated allocation, in accordance with risk management strategy formulated by the Board as referred to in section 148 of the Act for issuance of notice, and in a faceless manner, to the extent provided in section 144B of the Act with reference to making assessment or reassessment of total income or loss of assessee."

25. A plain reading of the aforesaid two notifications issued by the Central Board of Direct Taxes dated 28-3-2022 and 29-3-2022, it would clearly indicate that the Central Board of Direct Taxes was very clear in its mind when it framed the aforesaid two schemes with respect to the proceedings to be drawn under section 148A, that is to have it in a faceless manner. There were two mandatory conditions which were required to be adhered to by the Department, firstly, the allocation being made through the automated allocation system in accordance with the risk management strategy formulated by the Board under section 148 of the Act. Secondly, the re-assessment has to be done in a faceless manner to the extent provided under section 144B of the Act.

26. After the introduction of the above two schemes, it becomes mandatory for the Revenue to conduct/initiate proceedings pertaining to reassessment under section 147, 148 & 148A of the Act in a faceless manner. Proceedings under section 147 and section 148 of the Act would now have to be taken as per the procedure legislated by the Parliament in respect of reopening/re-assessment *i.e.*, proceedings under section 148A of the Act.

27. In the present case, both the proceedings *i.e.*, the impugned proceedings under section 148A of the Act, as well as the consequential notices under section 148 of the Act were issued by the local jurisdictional officer and not in the prescribed faceless manner. The order under section 148A(d) of the Act and the notices under section 148 of the Act are issued on 29-4-2022, *i.e.*, after the "Faceless Jurisdiction of the Income-tax Authorities Scheme, 2022" and the "e-Assessment of Income Escaping Assessment Scheme, 2022" were introduced.

28. From the afore given factual matrix, firstly the statutory provisions enumerated in the preceding paragraphs and secondly, the subsequent direction given by the Hon'ble Supreme Court in the case of Ashish Agarwal, *supra*, what is clearly reflected is the fact that when the Hon'ble Supreme Court had partly allowed the petitions which were filed by the Union of India challenging the judgements of various High Courts whereby the notice under section 148 of the unamended Act were set aside by the High Courts, the Hon'ble Supreme Court has only permitted the Union of India to proceed further with the reassessment proceedings under the amended provision of law, more particularly, as amended by the Finance Act, 2021. It never intended the authorities concerned to continue with the proceedings from the stage of the issuance of notices under section 148, nor is the directions to that effect. And there cannot be any confusion, ambiguity or mis-conception for the respondent-Department to have in this regard.

29. The Hon'ble Supreme Court has in paragraph No. 7 specifically held that the High Courts have rightly held that the benefit of new provisions shall be made available in respect of the proceedings relating to past assessment years. Further, the Hon'ble Supreme Court again in paragraph No. 8 very emphatically had said that the proceedings ought not to have been issued under the unamended Act. Rather ought to have been issued under the substituted provisions as per the Finance Act, 2021. Further, in the same paragraph clearly directed the Income-tax Department to proceed further as per the Finance Act, 2021, subject to compliance of all the procedural requirements and defences available to the assessee under the substituted provisions under the Finance Act, 2021. The fact that the Hon'ble Supreme Court allowed the notice earlier issued under section 148 be treated as notice one under section 148A and further it was also be treated as the show cause notice issued under section 148A(b) by itself establishes the fact the directions given by the Hon'ble Supreme Court for the respondent-Department was to proceed further in accordance with the substituted provisions which stood introduced by the Finance Act, 2021.

30. In the instant case, undisputedly the respondent-Department has not proceeded against the petitioner under the substituted provisions of the Finance Act, 2021. Rather, it proceeded with the unamended provisions of law. This in other words takes the position back to the stage as it stood when the initial notices under section 148 under the unamended provisions of law were issued. This in other words also takes us to a position or a stage prior to the large number of writ petitions being allowed across the country, approximately 9,000 in number and confirmed by the Hon'ble Supreme Court also *vide* the judgement of Ashish Agarwal, *supra*.

31. It is well settled principle of law that where the power is given to do certain things in certain way, the thing has to be done in that way alone and no any other manner which is otherwise not provided under the law.

32. The Hon'ble Supreme Court in the case of *Chandra Kishore Jha v. Mahaveer Prasad* [1999] 8 SCC 266 in paragraph No. 17 laying down the aforesaid principle held as under "it is well settled solitary principle that if statute provides for a thing to be done in a particular manner, then it has to be done in that manner and in no other manner. The said principle of law was further reiterated in the case of *Cherrukuri Mani v. Chief Secretary Government of Andhra Pradesh* [2015] 13 SCC 722, wherein, again in paragraph No. 14, the aforesaid principle has been reinforced by the Hon'ble Supreme Court holding that "where law prescribe a thing to be done in a particular manner following a particular procedure, it shall have to be done in the same manner following the provisions of law without deviating from the prescribed procedure. The said principle has again recently been reiterated and followed in the case of *Municipal Corporation Greater Mumbai (MCGM) v. Abhilash Lal* [2019] 111 taxmann.com 405/[2020] 157 SCL 477 (SC)/[2020] 13 SCC 234, and in the case of *Opto Circuit India Ltd. v. Axis Bank* [2021] 127 taxmann.com 290/165 SCL 703 (SC)/[2021] 6 SCC 707 and again in the case of *Union of India v. Mahendra Singh* [CAP No. 4807 of 2022, dated 25-7-2022]. In the case of *Tata Chemicals Ltd. v. Commissioner of Customs (preventive) Jam Nager* [2015] 58 taxmann.com 126/[2015] 11 SCC 628, wherein it has been held that there can be no stopple against the law. If the law requires something to be done in a particular manner, then it must be done in that manner, if it is not done in that manner then it

would have no existence in the eye of law. In paragraph 18 of the said judgment, the Hon'ble Supreme Court held as under:

"The Tribunal's judgment has proceeded on the basis that even though the samples were drawn contrary to law, the appellants would be estopped because their representative was present when the samples were drawn and they did not object immediately. This is a completely perverse finding both on fact and law. On fact, it has been more than amply proved that no representative of the appellant was, in fact, present at the time the Customs Inspector took the samples. Shri K.M. Jani who was allegedly present not only stated that he did not represent the Clearing Agent of the appellants in that he was not their employee but also stated that he was not present when the samples were taken. In fact, therefore, there was no representative of the appellants when the samples were taken. In law equally the Tribunal ought to have realized that there can be no estoppel against law. If the law requires that something be done in a particular manner, it must be done in that manner, and if not done in that manner has no existence in the eye of law at all. The Customs Authorities are not absolved from following the law depending upon the acts of a particular assessee. Something that is illegal cannot convert itself into something legal by the act of a third person."

33. If we look into the principle of law laid down by the Hon'ble Supreme Court as enumerated in the preceding paragraphs and when we look into the facts of the present case, it would clearly reflect that the Parliament had by virtue of the Finance Act 2021, brought certain amendments to the provisions of the Income-tax Act, more particularly, in respect of the manner in which the reassessment and the procedure to be adopted by the Income-tax Department. The amendment was brought with an intention to make the law more transparent and effective. The Hon'ble Supreme Court also while deciding the case of Ashish Agarwal, *supra*, as is discussed with in the preceding paragraph had specifically directed the Union of India to proceed further in terms of the substituted provisions brought in by way of Finance Act 2021.

34. What is also relevant to take note of the fact that the Hon'ble Supreme Court while exercising its power under Article 142 of the Constitution of India has also not relaxed the applicability of the Finance Act 2021. Rather, the Hon'ble Supreme Court in very clear and unambiguous terms had held that the notices issued under the un-amended provisions, which were struck down by the High Court, shall be treated as a notice under new amended provisions and the Union of India was directed to proceed further from that stage in terms of the amended provisions of law. In spite of such specific clear directions by the Hon'ble Supreme Court, the Union of India for reasons best known again proceeded with the procedure as it stood prior to the amended provisions which came into force from 1-4-2021.

35. In view of the aforesaid discussions, it is by now very clear that the procedure to be followed by the respondent-Department upon treating the notices issued for reassessment being under section 148A, the subsequent proceedings was mandatorily required to be undertaken under the substituted provisions as laid down under the Finance Act, 2021. In the absence of which, we are constrained to hold that the procedure adopted by the respondent-Department is in contravention to the statute *i.e.* the Finance Act, 2021, at the first instance. Secondly, it is also in direct contravention to the directives issued by the Hon'ble Supreme Court in the case of Ashish Agarwal, *supra*.

36. For all the aforesaid reasons, the impugned notices issued and the proceedings drawn by the respondent-Department is neither tenable, nor sustainable. The notices so issued and the procedure adopted being per se illegal, deserves to be and are accordingly set aside/quashed. As a consequence, all the impugned orders getting quashed, the consequential orders passed by the respondent-Department pursuant to the notices issued under section 147 and 148 would also get quashed and it is ordered accordingly. The reason we are quashing the consequential order is on the principles that when the initiation of the proceedings itself was procedurally wrong, the subsequent orders also gets nullified automatically.

37. The preliminary objection raised by the petitioner is sustained and all these writ petitions stands allowed on this very jurisdictional issue. Since the impugned notices and orders are getting quashed on the point of jurisdiction, we are not inclined to proceed further and decide the other issues raised by the petitioner which stands reserved to be raised and contended in an appropriate proceedings.

38. Since the Hon'ble Supreme Court had, in the case of Ashish Agarwal, *supra*, as a one-time measure exercising the powers under Article 142 of the Constitution of India, permitted the Revenue to proceed under the substituted provisions, and this Court allowing the petitions only on the procedural flaw, the

right conferred on the Revenue would remain reserved to proceed further if they so want from the stage of the order of the Supreme Court in the case of Ashish Agarwal, supra.

39. No order as to costs."

14. We, thus, respectfully follow the judgment of the Hon'ble Jurisdictional High Court in the case of *Kankanala Ravindra Reddy (supra)*, and on the same terms hold the impugned orders and notices issued by the Jurisdictional Assessing Officer (JAO), i.e., outside the faceless mechanism as provided in Section 144(b) r.w Section 151A and the "E-Assessment Scheme of Income Escaping Assessment Scheme, 2022" notified by the Government of India on 29.03.2022 under Section 151A of the Act, as bad and illegal. Consequent thereto, we herein set aside the order passed by the CIT(A), and quash the impugned assessment order passed by the Assessment Unit, Income-tax Department, i.e., FAO under Section 147 r.w.s 144B of the Act, dated 24/02/2024, for want of a valid assumption of jurisdiction on his part.

15. As we have quashed the assessment for want of valid assumption of jurisdiction by the Assessment Unit, Income-Tax Department, i.e., Faceless Assessing Officer (FAO) for framing the impugned assessment *vide* order passed under Section 147 r.w.s 144B of the Act, dated 24/02/2024, based on the Notice u/s 148 of the Act, dated 07/04/2022 issued by the Income Tax Officer, Ward-4(1), Hyderabad, i.e., JAO, therefore, we refrain from advertng to the other grounds based on which the assessee has assailed the impugned order of the CIT(A) before us, which, thus, are left open.

16. Resultantly, the order passed by the Assessment Unit, Income Tax Department, i.e., Faceless Assessing Officer (FAO) under Section 147 r.w.s 144B of the Act, dated 24/02/2024, is quashed for want of a valid assumption of jurisdiction by him.

17. Before parting, we may herein observe that the Hon'ble Jurisdictional High Court, while disposing of the appeal in the case of *Kankanala Ravindra Reddy (supra)*, observed that since the Hon'ble Supreme Court had, in the case of *Union of India v. Ashish Agarwal* [2022] 138 taxmann.com 64/444 ITR 1/286 Taxman 183 (SC) as a one-time measure exercised the powers under Article 142 of the Constitution of India, and permitted the Revenue to proceed under the substituted provisions, therefore, on the same terms as the petitions before them, i.e., the Hon'ble High Court, were being allowed only on the procedural flaw, hence right conferred on the Revenue would remain reserved to proceed further if they so want from the stage of the order of the Supreme Court in the case of *Ashish Agarwal (supra)*. We, thus, respectfully follow the aforesaid observation of the Hon'ble High Court and, on the same terms, allow the same liberty to the revenue regarding the present appeal.

18. We would further observe that the Hon'ble High Court of Jurisdiction in its order in the case of *Yashnu Yasasvi Polucherla v. ITO* [2025] 179 taxmann.com 470 / 307 Taxman 393 (Telangana), had held that as its earlier order in the case of *Kankanala Ravindra Reddy (supra)* is subjected to challenge before the Hon'ble Supreme Court in SLP No.3574 of 2024, preferred by the Income Tax Department, therefore, the allowing of the writ petition in the case before them is subject to the outcome of the aforesaid SLP preferred by the Revenue against its decision in the case of *Kankanala Ravindra Reddy (supra)*. This, the Hon'ble High Court had allowed liberty to either of the parties, if they so want, to move an appropriate petition seeking revival of this writ petition in the light of the decision of the Hon'ble Supreme Court in the pending "Special Leave Petition" (SLP) on the very same issue. We, thus, respectfully follow the aforesaid observation of the Hon'ble Jurisdictional High Court and, thus, on the same terms allow liberty to either of the parties before us to seek revival of the matter in light of the decision of the Hon'ble Supreme Court in the aforesaid SLP. As we have quashed the assessment for want of valid assumption of jurisdiction by the AO in terms of our aforesaid observations, therefore, we refrain from advertng to and adjudicating the other grounds based on which assumption of jurisdiction by the assessee has been assailed before us by the Ld. AR, which, thus, are left open.

19. In the result, the appeal filed by the assessee is allowed in terms of our aforesaid observations.

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*In favour of assessee.