DTBA (District Taxation Bar Association (Direct Taxes) Ludhiana)

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NEWS LETTER

(For the month of March-April 2026

DTBA (Direct Taxes) Regd.

Aayakar Bhawan, Rishi Nagar, Ludhiana-141001
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President's Communiqu.

Dear Members,

The past three months — February, March and April — have been highly engaging and productive for our Association. It is encouraging to witness the remarkable enthusiasm and participation of members, with every meeting recording attendance of more than 100 members. Such overwhelming participation reflects the growing commitment of our fraternity towards professional excellence and collective learning.

I am pleased to note that all our committees are working with dedication and commitment for the benefit of the members.

The Capacity Building Committee, under the able leadership of CA Deepak Jain, has been organising meaningful and high-quality academic sessions, receiving an excellent response from members.

Similarly, the Study Circle Committee, led by CA Mohit Gupta, has been conducting highly informative and impactful programmes with great professionalism and meticulous planning.

The Website Committee, under the convenorship of CA Sanjeev Bhandari, is actively working towards upgrading and modernising the Association's website to provide enhanced utility, accessibility and convenience to members.

The Sports & Benevolence Committee, under the stewardship of CA Vasu Aggarwal, is exploring collaborative initiatives with NGOs for meaningful philanthropic and social welfare activities.

This newsletter itself reflects the sincere efforts of our respected senior member, CA Subash Jain Ji, who is heading the Newsletter Committee with remarkable dedication and vision.

The Recreation Committee, under the leadership of S. Gagandeep Singh, is also planning several engaging and memorable activities for members. I am confident that the current year will be filled with meaningful professional, social and recreational initiatives.

I also encourage members to come forward and share their professional knowledge and practical experience through lectures and sessions organised by the Study Circle and Capacity Building Committees. Such collaborative learning initiatives significantly enrich our professional fraternity.

Further, the Association has initiated a Discussion Forum to be held on every second and fourth Thursday at 11:30 AM, providing members an informal and interactive platform to discuss professional issues and practical challenges. The response received so far has been extremely encouraging.

I am also pleased to inform members that our Association has successfully installed its own projector in the Bar Room with equal cooperation and contribution from TBA. We place on record our sincere gratitude for their continued support.

The Association remains in constant touch with the authorities who were instrumental in framing the new Income Tax Act, 2025. Through various interactions and forthcoming sessions, members will have the opportunity to hear directly from the horse's mouth regarding the practical implications and developments under the new law.

Further, during the last week of this month, the Association proposes to meet the concerned authorities to effectively represent and raise the grievances and concerns of members at the appropriate level. Members are requested to share their valuable suggestions and issues so that the same may be appropriately taken up before the authorities concerned.

Before I conclude, I place on record my heartfelt appreciation for the untiring efforts, commitment and teamwork displayed by all members of the Executive Committee. Their enthusiasm and sincere dedication towards the betterment of the Association are truly commendable.

In the end, I request all members to continue extending their wholehearted support, valuable suggestions and constructive feedback so that together we may further strengthen and elevate the functioning of our Association.

Warm Regards

CA. Rajeev Kaushal

President

District Taxation Bar Association (Direct Taxes), Ludhiana

SECRETARY MESSAGE

Respected DTBA members,

As I take on the role of Secretary of the District Taxation Bar Association, I feel both a deep sense of gratitude and enthusiasm to serve our association. I look forward to working closely with the managing committee and all our members to further strengthen the spirit of learning, collaboration, and professional excellence that DTBA proudly represents. The year has begun on a very positive and encouraging note with the successful organization of the Annual Bar and Bench Meet. The success of this event truly belongs to our esteemed members, who came together in large numbers and upheld this cherished annual tradition with enthusiasm and camaraderie. Such gatherings not only strengthen the bond between the Bar and the Bench but also reinforce the spirit of unity that defines our Association.

Continuing our commitment to professional learning, we also organized the Study Circle Meeting on the Union Budget, which witnessed active participation and insightful discussions among members. Such knowledge sharing platforms play an important role in keeping us updated with the evolving tax landscape.

With 15 months in this tenure, our focus will remain on fostering a culture of continuous learning. As the profession prepares for the transition towards the Income Tax Act, 2025, we aim to make the most of this period by organizing meaningful discussions and learning initiatives that help members adapt confidently to the new legislative framework.

Our DTBA newsletter is an important initiative aimed at keeping members informed, connected, and updated about the activities of the association and developments relevant to our profession. I warmly invite members to contribute their articles, insights, and professional experiences so that this platform becomes a collective knowledge resource for our fraternity.

As is rightly said, coming together is a beginning, staying together is progress, and working together is success. I, thus, look forward to the continued support, cooperation, and active participation of all members. Your constructive suggestions and ideas are always welcome as we work together to further strengthen our association and uphold the highest standards of our profession.

Warm regards,

CA. Sakshi Mahajan

Secretary

District Taxation Bar Association (Regd.)

FROM THE DESK OF THE EDITOR

Another financial year has commenced, and with it has come the new Income Tax Act. While it is being said in certain quarters that the new legislation is largely the same law expressed in fewer and simpler words, the procedural aspects are still evolving and will take time to stabilise. In this transition phase, some errors and practical difficulties are inevitable. At present, major concerns are being witnessed in the area of TDS compliances.

The Department needs to establish an effective mechanism through which inadvertent errors on the part of assessees can be rectified in a simple and timely manner, rather than through lengthy and complicated procedures.

Recently, there also appears to be an increasing tendency for the Department to rely upon judicial intervention to correct mistaken interpretations or to introduce retrospective amendments contrary to its own earlier stand. Such trends create uncertainty and increase avoidable litigation.

The economy appears to be stable overall, though the ongoing war and global uncertainties continue to have their own impact. The appeal made by the Hon'ble Prime Minister for austerity measures deserves sincere consideration, and each one of us should adopt such steps as may be appropriate in our respective capacities.

In this issue of the Newsletter, articles on Section 151 and Artificial Intelligence are being published. We hope that readers will find these articles and other features informative and useful. I take this opportunity to congratulate and thank the authors, particularly CA Deepali Aggarwal and CA Harpriya Garg, for taking time out of their busy schedules to contribute their valuable insights.

DTBA (DT), Ludhiana has also been playing a commendable role in raising issues concerning members and in educating them in the best possible manner. I would also like to humbly request all members to actively contribute by sharing their experiences, knowledge, and professional wisdom through articles and write-ups for future editions of the Newsletter.

I also express my sincere gratitude to all members of the Newsletter Team for their co-operation and efforts in bringing out this issue successfully.

CA. Subhash Jain
EDITOR

KNOWLEDGE PORTAL

Doctrine of Substantial Compliance

The Hon'ble Supreme Court, in the case of Commr. of Customs vs. Dilip Kumar (2018) 9 SCC 1, wherein while deciding the Doctrine of Substantial Compliance held as under :

"33. A fiscal statute generally seeks to preserve the need to comply strictly with regulatory requirements that are important, especially when a party seeks the benefits of an exemption clause that are important. Substantial compliance with an enactment is insisted, where mandatory and directory requirements are lumped together, for in such a case, if mandatory requirements are complied with, it will be proper to say that the enactment has been substantially complied with notwithstanding the non-compliance of directory requirements. In cases where substantial compliance has been found, there has been actual compliance with the statute, albeit procedurally faulty. The doctrine of substantial compliance seeks to preserve the need to comply strictly with the conditions or requirements that are important to invoke a tax or duty exemption and to forgive non-compliance for either unimportant and tangential requirements or requirements that are so confusingly or incorrectly written that an earnest effort at compliance should be accepted."

Extracts from AXE BPO SERVICES (P) LTD. VS. DIRECTOR, CENTRAL BOARD OF DIRECT TAXES & ORS. Source (2026) 485 ITR 148 (Mad), wherein the Hon'ble High Court was deciding the issue as to whether delayed filing of Form 10-IC is fatal if there was substantial compliance to the provisions. The court, decided in favour of the assessee while noting that there has been substantial compliance of the requirement under s. 115BAA of the Act, as evident from the fact that while filing the returns, it was declared/stated by the petitioner that the option to discharge the tax was exercised under s. 115BAA of the Act and taxes were in fact paid @ 22 per cent without claiming deductions as contemplated under s. 115BAA of the Act.

JUDGMENTS SECTIONS

1. **MILIND SHANKARRAO KANGALI vs. INCOME TAX OFFICER** (ITAT, Nagpur Bench -ITA No. 219/Nag/2025; Asst. yr. 2017-18 Source (2026) 1 CTOTTJ 917 (Nagpur): Penalty under s. 271(1)(c)—Concealment or furnishing inacurate particulars—When the addition is made under deeming provision, there is no furnishing of inaccurate particulars or concealment of income—Hence, penalty levied by AO under s. 271(1)(c) is deleted—Shamoon Ahmed Mulla vs. ITO (ITA No. 6070/Mum/2024), Gunwant Sohanlal Kherodiya vs. Dy. CIT (ITA No. 650/Mum/2023), Bankimbhai Natwarbhai Patel vs. ITO (ITA No. 45/Ahd/2022), CIT vs. Reliance Petroproduct (P) Ltd. (2010) 230 CTR (SC) 320 : (2010) 36 DTR (SC) 449 and CIT vs. Samson Perinchery (2017) 392 ITR 4 (Bom) followed.
2. **SHALBY LTD. vs. PRINCIPAL COMMISSIONER OF INCOME TAX** (ITAT, Ahmedabad Bench- ITA No. 1227/Ahd/2025; Asst. yr. 2020-21 Source (2026) 1 CTOTTJ 967 (Ahd): Revision under s. 263—Erroneous and prejudicial order—Supreme Court had categorically held that the AO had no authority to reopen accounts of a company which were certified by auditors of the company as having been maintained in accordance with the provisions of the Companies Act and that he had limited power of making additions and reductions as provided for in Explanation to the said section—Therefore, even if certain disallowance is made in accordance with r. 8D, that addition cannot be imported to the book profit of the assessee—Since the assessee was having only tax liability on the book profit in the current year, the omission of the AO in not considering the provision of r. 8D of the Act cannot be held as prejudicial to the interest of revenue—Therefore, the order of the learned Principal CIT passed under s. 263 of the Act dt. 30th March, 2025, is quashed—Apollo Tyres Ltd. vs. CIT (2002) 174 CTR (SC) 521 : (2002) 122 Taxman 562 (SC) followed.
3. **HANSGROHE INDIA (P) LTD. vs. Assessment Unit Income Tax Dept. & Ors.** (High Court of Bombay- Writ Petn. No. 3501 of 2026 Source (2026) 1 CTOCTR 490 (Bom)):Assessment—Draft assessment order—Procedure—Provision of s. 144C is applicable to provision of s. 144B(1) and more particular to ss. 144B(1)(xxi) to 144B(1)(xxix)—These provisions clearly stipulate that in the case of an eligible assessee, a draft assessment order has to be served on the petitioner to enable the petitioner to approach the DRP—This, in fact, has not been done in the facts of the present case—In the facts of the present case, a final assessment order has been directly passed by the Faceless AO without serving a draft assessment order on the petitioner to enable it to approach the DRP—This is in clear violation not only of the provisions of s. 144C but also of ss. 144B(1)(xxi) to (xxix)—Once this is the case, the final assessment order in the above petition cannot stand and would have to be set aside—Danfoss Fluid Power (P) Ltd. vs. Union of India & Ors. (Writ Petn. No. 10403 of 2025, dt. 29th Sept., 2025) and SHL (India) (P) Ltd. vs. Dy. CIT & Ors. (2021) 321 CTR (Bom) 655 : (2021) 204 DTR (Bom) 233 followed.
4. **PRAVEEN SAXENA vs. INCOME TAX OFFICER** (ITAT, Agra "DB" Bench -ITA Nos. 208 & 209/AGR/2025; Asst. yr. 2010-11 Source (2026) 1 NYPCTOTTJ 985 (Agra)): Revision—Erroneous and prejudicial order—Lack of proper inquiry—Issue of reopening initiated by the AO—In the instant case the reopening has been made in the instant case by not taking approval under s. 151 from the competent authority in the manner known to law—Accordingly, the entire reassessment proceedings are hereby quashed—Hence, the assumption of revision jurisdiction under s. 263 by the Principal CIT to revise the assessment order which is quashed as void ab initio would also be quashed.
5. **PRINCIPAL COMMISSIONER OF INCOME TAX vs. BOEING INDIA (P) LTD.** (High Court of Delhi- IT Appeal No. 586 of 2025 Source (2026) 1 CTOCTR 417 (Del)) ; Assessment—Validity—Assessment order in the name of non-existing amalgamating compan—Scheme of merger was approved on 27th Feb., 2018 and was brought to the notice of the AO vide letter dt. 10th April, 2018, it was incumbent upon the Revenue to make the necessary changes to the assessment proceedings—Provisions of s. 292B would not cure a jurisdictional defect since an assessment against an amalgamating entity is akin to an assessment against a 'dead person' and hence cannot be seen as a mere procedural irregularity—Order of Tribunal was sustainable.
6. **MAKE MYTRIP (INDIA) (P) LTD. vs. ASSISTANT COMMISSIONER OF INCOME TAX & ANR.** (High Court of Delhi - Writ Petn. (Civil) No. 11956 of 2025 & Civil Misc. Appln. No. 65195 of 2025 - Source (2026) 1 CTOCTR 420 (Del)) : TDS—Tax certificate under s. 197—Fact that there is no denial that for the past many years, the respondents/Revenue have issued certificates withholding tax at lower rate—It

is sufficient that, in the past, withholding certificates were issued at rates between 0.10 per cent to 4 per cent and the rejection of application has the effect of deducting normal rate of tax at source, which is clearly untenable, particularly when no reasons have been given in the impugned order for rejecting the application for NIL withholding certificate, more so, when an alternative prayer in the application for deduction of tax at the rate as granted by the Revenue in the preceding year, i.e. financial year 2024-25 vide the certificate dt. 1st June, 2024 i.e., at 0.30 per cent was sought—Impugned order/ certificate under s. 197 dt. 17th July, 2025 is set aside and the matter is remanded back to the AO for him to consider said conclusion and then pass a reasoned and speaking order under s. 197.

7. **HIMANSHU DAKSHESHKUMAR KATWALA vs. INCOME TAX OFFICER** (ITAT, Ahemedabd 'SMC" Bench -ITA No. 199/Ahd/ 2026; Asst. yr. 2017-18 -Source (2026) 1 CTOTTJ 1095 (Ahd)) : Reassessment—Validity—Information received from third parties—Reason to believe—Reopening has been carried out on the basis of generalized information received from the Investigation Wing in the case of certain third parties—However, the AO has failed to identify and specify the exact nature of alleged income escaping assessment in the hands of the assessee—Reasons recorded merely state that the assessee has entered into transactions of Rs. 29,81,262 in the nature of accommodation entries, without specifying whether such entries pertain to unsecured loans, share capital, bogus gains or any other category of income—This clearly demonstrates non-application of mind on the part of the AO—Thus, the reassessment proceedings have been initiated without proper application of mind and without even identifying the precise nature of income escaping assessment—Initiation of proceedings under s. 147 is therefore bad in law and liable to be quashed—Appeal allowed.

8. **KARNAVATI POLYESTER (P) LTD. vs. INCOME TAX OFFICER** (ITAT, AHMEDABAD 'SMC' BENCH - ITA No. 292/Ahd/2026; Asst. yr. 2014-15 Source (2026) 1 CTOTTJ 1001 (Ahd)) : Order under s. 201(1) & 201(1A)—Deemed dividend under s. 2(22)(e)—Doctrine of Frustration—ITO, TDS passed an order under ss. 201 (1) & 201 (1A) for not deducting Tax on the "Deemed Dividend" determined under s. 2(22)(e) (e)—ITO expected to deduct tax on a deeming provision which is an impossibility of performance—Doctrine of Frustration in the legal parlance—Bench is flabbergasted—Order under ss. 201 (1) & 201 (1A) deserves to be quashed and consequently the appeal of the assessee is allowed.

ARTICLE SECTION

Artificial Intelligence and the Tax Professional: Disruption or Transformation?

The rapid advancement of Artificial Intelligence (AI) is redefining industries across the globe, and the profession of taxation/ Chartered Accountancy is no exception. What was once considered a technology of the future has now become an integral part of tax administration, compliance systems, financial reporting, and advisory services.

The pertinent question is no longer whether AI will impact tax professionals — it already has. The real question is: **Will AI replace these professionals, or will it transform them?** This question has echoed across boardrooms, professional forums, and academic discussions alike. As algorithms grow smarter and automation becomes routine, apprehensions are natural. Yet history has shown that the tax professional has never been diminished by change; it has always been strengthened by it. AI is not an extinction event — it is the next phase of evolution.

AI in Tax Administration

Tax authorities worldwide are increasingly leveraging AI and data analytics to enhance compliance monitoring, risk assessment, and fraud detection. In India, the income tax ecosystem has witnessed significant digital transformation through faceless assessments, automated scrutiny selection, and data-driven verification systems.

By CA Harpriya Garg,
Member, Editorial Team

AI tools analyze vast datasets — financial transactions, GST data, TDS records, banking information, and third-party reporting — to detect inconsistencies and identify potential tax risks. This has led to:

- More targeted scrutiny notices
- Faster processing of returns
- Data-backed assessment proceedings

- Reduced human interface

For professionals, this means tax practice is becoming more data-centric and documentation-driven than ever before.

AI as an Enabler for Tax Professionals

Rather than viewing AI as a threat, tax professionals should recognize it as a powerful enabler.

AI-powered tools today assist professionals in:

- Automated bookkeeping and reconciliation
- Tax computation and compliance checks
- Drafting replies to notices
- Legal research and case law analysis
- Financial forecasting and risk modelling

Routine and repetitive tasks are increasingly being automated. This frees up valuable time for professionals to focus on higher-value advisory services — strategic tax planning, litigation strategy, restructuring advisory, and complex interpretational issues.

AI does not replace professional judgment; it enhances efficiency.

The Changing Skillset of the Modern CA/ Tax Professional

The role of the Chartered Accountant/tax Professional is evolving from a compliance executor to a strategic advisor.

In the AI era, professionals must develop competencies beyond traditional accounting and taxation knowledge:

1. **Data Interpretation Skills** – Understanding analytics reports and identifying meaningful insights.
2. **Technology Literacy** – Familiarity with AI tools, automation platforms, and digital workflows.
3. **Critical Thinking** – Evaluating AI-generated outputs rather than blindly relying on them.
4. **Ethical Judgment** – Ensuring responsible use of technology and safeguarding client confidentiality.

AI can process information, but it cannot replicate professional scepticism, ethical reasoning, or litigation strategy — qualities that define the CA and related professions.

AI and Tax Litigation

In direct tax practice, litigation remains an area where human expertise is irreplaceable.

While AI can assist in legal research and precedent analysis, it cannot:

- Argue before appellate authorities
- Exercise persuasive advocacy
- Interpret nuanced judicial reasoning
- Strategize based on client-specific commercial realities

Tax litigation involves interpretation, context, and discretion — elements that go beyond algorithmic output.

In short, litigation is not merely about applying law—it is about interpreting intent, anticipating counterarguments, and persuading decision-makers.

Thus, AI becomes a support system, not a substitute.

Ethical and Regulatory Considerations

With increased adoption of AI tools comes responsibility. Professionals must ensure:

- Data privacy and confidentiality
- Accuracy of AI-generated outputs
- Compliance with professional ethical standards
- Transparency in advisory practices

Over-reliance on automated tools without verification could expose professionals to risk. The principle remains unchanged: **technology may assist, but accountability remains human.**

The Road Ahead: Adaptation is Key

Historically, the profession has evolved through multiple transformations — from manual ledgers to computerized accounting, from physical hearings to faceless proceedings. Each transition initially appeared disruptive but ultimately strengthened professional practice.

AI represents the next phase of this evolution.

The Tax Professional of the future will not compete with AI; rather, they will collaborate with it. Those who adapt, learn, and integrate technology into their practice will gain a competitive advantage. Those who resist may find themselves struggling in an increasingly digital ecosystem.

The essence of the profession — integrity, analytical thinking, and advisory excellence — remains unchanged. Technology may alter the tools we use, but it does not alter the values we uphold.

Conclusion

Artificial Intelligence is not the end of the tax professional; it is a catalyst for transformation. By embracing AI responsibly and strategically, the professionals enhance efficiency, expand advisory capabilities, and elevate their role in the evolving financial and taxation landscape.

The future belongs not to AI alone — but to professionals who know how to use it wisely.

The Evolving Landscape of Section 151 Sanctions: *Assessing Jurisdictional Validity from TOLA to Section 292BC*

By CA Deepali Aggarwal
Tax Associate, Ashwani & Associates

1. Introduction

In recent years, challenges to reassessment proceedings have increasingly turned on jurisdictional defects rather than merits, with Section 151 emerging as a decisive ground of challenge. Given the volume of notices issued post-2021 and the complexity introduced by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 ("TOLA") and subsequent judicial interventions, the identification of the correct sanctioning authority has become a determinative factor in litigation outcomes.

2. Statutory Framework and Shift in Law

The procedure for reopening assessments under Section 148 of the Income-tax Act, 1961 underwent a paradigm shift with the Finance Act, 2021, which replaced the erstwhile regime with a new framework effective from 01.04.2021.

A critical jurisdictional precondition for issuing a reassessment notice is obtaining prior sanction under Section 151. Non-compliance with the prescribed time limits and designated authorities renders the assumption of jurisdiction invalid.

The Supreme Court's rulings in *Union of India v. Ashish Agarwal* and *Union of India v. Rajeev Bansal* form the bedrock of the current legal position.

- *Ashish Agarwal* resolved the validity of approximately 90,000 notices issued between 01.04.2021 and 30.06.2021 under the old regime by utilizing Article 142 to **deem them as show-cause notices under Section 148A(b) of the new regime.**
- *Rajeev Bansal* clarified the interplay between TOLA and the new regime, particularly in the context of sanction under Section 151.

3. Judicial Interpretation of Sanctioning Authority

3.1 Supreme Court: Rajeev Bansal

In *Rajeev Bansal,* the Supreme Court held that TOLA extends the time limits applicable to sanction under Section 151. However, such extension is not indefinite and is subject to strict temporal boundaries.

3.2 Tribunal Application: Sunidhi Securities & Finance Ltd.

A similar issue arose before the Mumbai ITAT in *Sunidhi Securities & Finance Ltd. v. DCIT* [2025] 178 taxmann.com 265.

In this case:

- A notice under Section 148 for AY 2015–16 was issued on 31.03.2021.
- Approval was obtained from the Principal Commissioner.

The Tribunal observed:

- The four-year limitation expired on 31.03.2020 (within TOLA window).
- The correct sanctioning authority was the Joint Commissioner under Section 151(2).

3.3 High Court Application: Ramesh Bachulal Mehta

The Bombay High Court in *Ramesh Bachulal Mehta v. ITO* [2025] 177 taxmann.com 606 applied the principles of Rajeev Bansal in a post-2021 context.

For AY 2016–17:

- Original limitation expired on 31.03.2020 (within TOLA window)
- TOLA extension was capped at 30.06.2021

Since:

- Order under Section 148A(d) and notice under Section 148 were issued in July 2022

The Court held:

- Sanction must be obtained from the higher authority under Section 151(ii)
- Approval from a lower authority was a fatal jurisdictional defect

Accordingly, the reassessment proceedings were quashed.

4. Core Principle

The level of sanctioning authority under Section 151 is intrinsically linked to the time elapsed from the end of the relevant Assessment Year.

- The new regime prescribes higher authorities and is beneficial to the assessee
- Any notice issued post-01.04.2021 must strictly comply with the new regime
- The Finance (No. 2) Act, 2024 further amends the position w.e.f. 01.09.2024

5. Common Misconception

5.1 "Approval from a higher authority cures defects in sanction" -This is incorrect.

As reaffirmed in *Sunidhi Securities and Ghanshyam K. Khabrani,* sanction must be obtained from the exact authority prescribed i.e., not higher, not lower. Any deviation renders the notice invalid.

5.2 Nature of Approval under Section 151 – Administrative vs Jurisdictional

An emerging line of argument from the Revenue is that approval under Section 151 is merely administrative in nature, intended as an internal supervisory control rather than a quasi-judicial safeguard.

This position is often invoked to contend that defects in sanction, particularly where approval is obtained from a higher authority should be treated as curable irregularities rather than jurisdictional infirmities.

However, judicial precedents have consistently taken a stricter view. Courts have emphasized that Section 151 is intrinsically linked to the limitation framework under Section 149 and directly conditions the assumption of jurisdiction by the Assessing Officer. Consequently, approval from an authority other than the one expressly prescribed has been held to vitiate the proceedings.

The issue therefore remains an area of active litigation, with a clear divergence between the Department's administrative characterization and the judiciary's insistence on strict statutory compliance.

6. Tabular Analysis of Section 151

The statutory framework across different periods is summarized below:

Date of Notice u/s 148	Elapsed Time from end of relevant AY	Applicable Regime	Correct Sanctioning Authority u/s 151
Before 01.04.2021	Up to 4 years	Old Regime (Sec 151(2))	Joint Commissioner
Before 01.04.2021	More than 4 years	Old Regime (Sec 151(1))	Principal Chief Commissioner / Chief Commissioner / Principal Commissioner / Commissioner
01.04.2021 to 31.08.2024	3 years or less	New Regime(Sec 151(i))	Principal Commissioner / Principal Director / Commissioner / Director
01.04.2021 to 31.08.2024	More than 3 years	New Regime (Sec 151(ii))	Principal Chief Commissioner / Principal Director General / Chief Commissioner / Director General
On or after 01.09.2024	Any timeframe	2024 Amendment	Additional Commissioner / Additional Director / Joint Commissioner / Joint Director

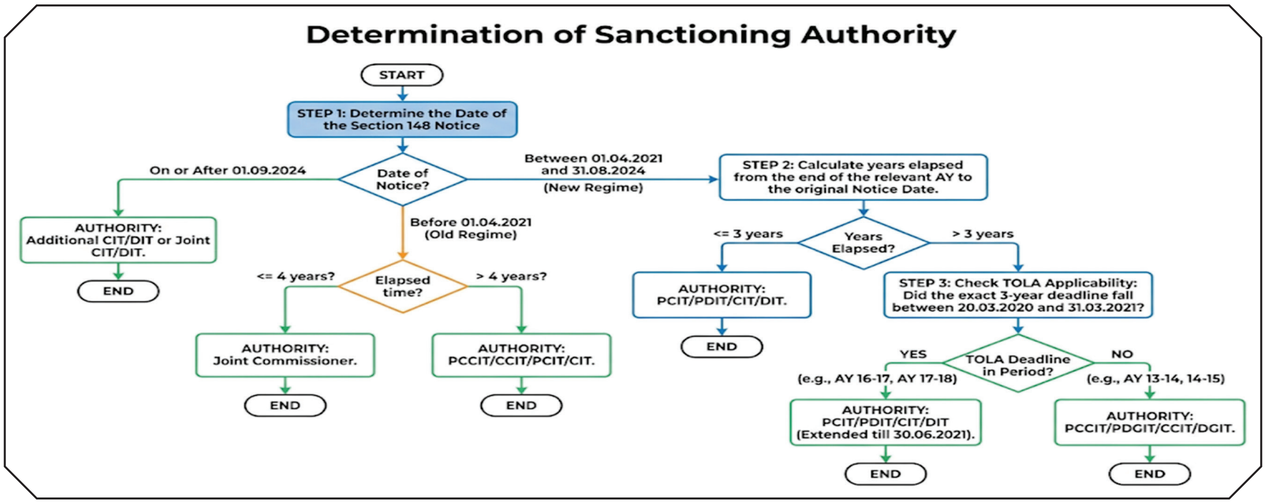
7. TOLA-Specific Applicability Matrix

The position becomes nuanced for notices issued between 01.04.2021 and 30.06.2021:

Note: As per Rajeev Bansal, TOLA extends the time for the authority under Sec 151(i) to grant approval till 30.06.2021 ONLY IF the 3-year limitation fell between 20.03.2020 and 31.03.2021.

Relevant AY	3 Years Elapsed On	Sanctioning Authority (Read with TOLA) for Notices issued Apr-Jun 2021	Remarks based on Rajeev Bansal
2013-14	31.03.2017	PCCIT / CCIT tier	3-year period expired before TOLA. Sec 151(ii) applies.
2014-15	31.03.2018	PCCIT / CCIT tier	3-year period expired before TOLA. Sec 151(ii) applies.
2015-16	31.03.2019	PCCIT / CCIT tier	3-year period expired before TOLA. Sec 151(ii) applies.
2016-17	31.03.2020	PCIT / CIT tier	3-year limit falls in TOLA window (20.03.2020 - 31.03.2021). Sec 151(i) authority extended till 30.06.2021.
2017-18	31.03.2021	PCIT / CIT tier	3-year limit falls in TOLA window. Sec 151(i) authority extended till 30.06.2021.

The determination of the correct sanctioning authority can be simplified through the following decision flow:



8. Most Litigated Fact Patterns

- Notices dated 31.03.2021 (borderline old regime + TOLA)
- Notices between 01.04.2021 – 30.06.2021 (Ashish Agarwal category)
- AY 2016–17 & 2017–18 (TOLA-sensitive years)
- Post-30.06.2021 actions using lower authority approval
- Cases involving income below Rs. 50 lakhs beyond 3 years

9. Litigation Strategy

9.1 Challenging Improper Sanction

- **Jurisdictional Defect:** Sanction by the appropriate specified authority is a rigid jurisdictional precondition. Section 151 links time limits directly with the jurisdiction of the authority. An order passed without jurisdiction is a nullity.
- **Strict Interpretation:** Reassessment procedures prejudicially affect vested rights and must adhere to strict interpretation. The Supreme Court mandates that statutory authorities exercise power strictly following the prescribed manner. Therefore, approval by an officer even one rank below or structurally divergent from the specific tier mandated for that specific date invalidates the notice.

9.2 Common Departmental Errors:

- **Applying Old Regime Authorities Post -01.04.2021:** A frequent error is Assessing Officers obtaining sanction under Section 151(2) of the old regime (e.g., from a Joint Commissioner) for notices issued after 01.04.2021. Because the new regime specifies a *higher* authority and is beneficial to the assessee, old regime sanctions for post-01.04.2021 notices are invalid.
- **Failure to Obtain Section 148A(d) Sanction:** While *Ashish Agarwal* waived the requirement for prior approval at the Section 148A(a) (inquiry) and 148A(b) (show-cause) stages as a one-time measure, it explicitly *did not* waive the sanction requirement for passing the order under Section 148A(d) and issuing the final Section 148 notice. Departments often miss this subsequent approval step.

9.3 Key Arguments for Different Scenarios:

- **Notices between 01.04.2021 and 30.06.2021 (AY 2013-14 to 2015-16):** Argue that the 3-year limitation expired well before the TOLA window of 20.03.2020 to 31.03.2021. Therefore, TOLA cannot artificially revive the jurisdiction of the lower-tier PCIT authority. Sanction *must* be strictly from the PCCIT/CCIT tier under Section 151(ii).
- **Monetary Threshold Limit:** For any notice traversing beyond 3 years under the new regime, aggressively verify if the income escaping assessment firmly exceeds Rs. 50 Lakhs. The Revenue itself has conceded that notices invoking the old 6-year limit for amounts less than Rs. 50 Lakhs will have to be dropped.

10. Practitioner's Checklist

For ease of application in live matters, the following checklist may be used at the threshold stage of litigation:

- **Identify Date of Section 148 Notice:** Does it fall before 01.04.2021, between 01.04.2021 and 31.08.2024, or on/after 01.09.2024?
- **Identify Relevant AY and Elapsed Time:** Calculate exactly how many years elapsed from the end of the AY to the date of notice.
- **Verify Signatory Authority:** Cross-match the rank of the officer who signed the Section 151 approval

with the statutory requirement in force *on the date of the notice*.

- **Check TOLA Window (for AY 16-17 & 17-18):** Did the original 3-year or 4-year limitation expire exactly between 20.03.2020 and 31.03.2021? If yes, acknowledge the extended validity of the lower authority (PCIT) up to 30.06.2021.
- **Verify *Ashish Agarwal* Compliance:** Ensure the AO procured fresh Section 151 sanction for the Section 148A(d) order and the subsequent newly issued Section 148 notice, independent of the deemed fiction applied to the initial 148A(b) stage.
- **Red Flag - Income < 50 Lakhs:** If the assessment escapes < Rs. 50 Lakhs and is reopened beyond 3 years, the notice is statutorily void under the new regime.

11. Note on 2025 Consolidation

Here's the parallel reading comparison:

There is no substantive change in sanctioning authority provisions. The sanctioning authorities "Additional Commissioner, Additional Director, Joint Commissioner, and Joint Director", remain exactly the same across both Acts.

What changed is purely structural:

- Section number renumbered from 151 to 284
- Cross-referenced sections renumbered from 148 & 148A to 280 & 281
- Minor drafting clean up: the phrase *"as the case may be"* was dropped, the opening article *"The"* was added, and the stray closing bracket] from a prior amendment was removed

This is a classic consolidation renumbering the 2025 Act reorganised and restated the 1961 Act without altering the policy or scope of this particular provision.

12. Addendum: The Impact of Newly Inserted Section 292BC on Section 151 Approvals

The provisions of section 292BC has been inserted below :

Insertion of new section 292BC.

33. After section 292BB of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2021, namely:—

Circumstances in which approvals by income-tax authority not to be invalid.

*"292BC. Notwithstanding anything contained in this Act or in any judgment, order or decree of any Court, for the removal of doubts, it is **hereby clarified that any approval** given by an income-tax authority in relation to any assessment, reassessment or recomputation proceedings under this Act shall **<u>be deemed to be administrative and supervisory in nature and shall not be invalid or shall not be deemed to be invalid by reason of any insufficiency of the reasons recorded or by reason of any defect in the form or manner of its authentication or communication including whether digital signature</u>** have been appended to such approval or not, where such approval is granted electronically."*

12.1. The Legislative Override of Judicial Scrutiny

The retrospective insertion of Section 292BC (w.e.f. 01.04.2021) introduces a paradigm shift that fundamentally resolves the active litigation surrounding the intrinsic nature of Section 151 approvals. Historically, High Courts and appellate forums have consistently held that Section 151 acts as a quasi-judicial safeguard, demanding a demonstrable application of mind by the sanctioning authority. However, Section 292BC introduces a non-obstante clause that explicitly overrides this judicial scrutiny, statutorily classifying such approvals as strictly "administrative and supervisory" in nature.

While Section 292BC attempts a legislative override, its constitutional validity is currently under challenge. As of April 2026, the **Karnataka High Court in *Vihaan Direct Selling (India) Pvt. Ltd.* has stayed reassessment proceedings** specifically to examine whether Section 292BC arbitrarily undermines judicial precedents and retrospectively nullifies vested rights.

12.2. Traditional Defences Now Statutorily Barred

For tax practitioners handling appellate submissions, this amendment effectively neutralizes several traditional and previously successful grounds of appeal. The statute now shields reassessment proceedings under Section 148 from being quashed on account of:

- **Mechanical Sanctions:** Pleas challenging the "insufficiency of reasons recorded"—such as instances where the Principal Commissioner merely rubber-stamps "Yes, I am satisfied" without independent elaboration—are now statutorily protected.
- **Procedural Infirmities:** Any defect in the form, manner of authentication, or internal communication of the approval is rendered an incurable defence.
- **Digital Signature Defects:** The provision explicitly cures instances where electronic approvals were generated and communicated without a valid digital signature being appended.

12.3. The Survival of Jurisdictional Challenges

Crucially, while Section 292BC provides a safe harbor for the *form* and *quality* of the sanction note, it does not cure a foundational *lack of jurisdiction*.

The core thesis of Section 151 jurisprudence remains undisturbed: valid assumption of jurisdiction requires prior sanction from the exact statutorily prescribed authority for that specific timeframe.

The Revenue cannot invoke Section 292BC to salvage a notice if:

- **Authority of the Wrong Tier:** Approval was granted by an officer not designated for that specific limitation period (e.g., sanction obtained from a Joint Commissioner instead of a Principal Chief Commissioner when the 3-year threshold has expired).
- **Complete Absence of Sanction:** No prior approval was procured before passing the Section 148A(d) order or issuing the final Section 148 notice.

Recent developments suggest a deepening of this jurisdictional defence – "**Karnataka HC to examine the constitutional validity of Sec. 292BC; Grants stay in reassessment proceedings".** As stated above vide para 12.1 that Karnataka HC issued notice to the Revenue "***HC observes that the matter requires consideration***" on the grounds that approvals under Section 151 act as a jurisdictional safeguard and may be immune to the 'administrative' characterization attempted by Section 292BC, particularly where such approvals lack even a manual or digital signature.

13. Conclusion and Shift in Litigation Strategy

The evolving jurisprudence surrounding Section 151 reflects a clear judicial consensus: The emerging jurisprudence on Section 151 underscores a consistent judicial position that the jurisdictional conditions governing reassessment must be interpreted with strict rigour. The combined effect of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, the reassessment framework introduced by the Finance Act, 2021, and the subsequent retrospective clarifications significantly narrows any scope for procedural latitude, particularly in relation to the competent sanctioning authority.

In this context, litigation strategy must evolve. Rather than focusing on the form, wording, or perceived mechanical nature of the approval, practitioners should adopt a precise, timeline-centric jurisdictional approach at the threshold. This involves accurately computing the limitation period with reference to the relevant assessment year and ensuring strict compliance with the prescribed statutory hierarchy for approval.

Any deviation in the identity of the sanctioning authority is not a curable defect but a fundamental jurisdictional flaw that renders the entire reassessment proceeding void ab initio.

ASSOCIATION ACTIVITIES

The District Taxation Bar Association (Direct Taxes), Ludhiana, has been engaged in the following activities:

Professional Collaboration: Outreach Program with Pr. CIT-1 March 11th, 2026.

The DTBA participated in an Outreach Program organized by the Income Tax Department, Ludhiana, under the guidance of Sh. Vivek Nangia, Pr. CIT-1, Ludhiana. Held at the Rishi Nagar office, the session provided a vital platform for members to interact with the department and discuss administrative developments.

Focus on the NGO Sector: Trust & Exemptions March 18th, 2026.

A specialized outreach program focused on the NGO sector was held under the guidance of Ms. Jaishree Sharma, CIT (Exemptions). The session addressed trustees and practitioners on the latest provisions of the Income Tax Act 2025 regarding 80G and 12A registrations, helping reduce grievances through better compliance awareness.

Technical Insight: Telescoping of Income and Peak Credit March 19th, 2026

The Study Circle Committee organized a technical session in the Bar Room featuring CA Gulshan Wadhwa as the session speaker. The meeting provided a deep dive into the complexities of Section 68 &

69, specifically focusing on the practical application of Telescoping of Income and Peak Credit in tax assessments.

A Noble Cause: Blood Donation Camp for Shahidi Diwas March 23rd, 2026

In a show of social commitment, the DTBA joined the Income Tax Department for a Blood Donation Camp on the eve of Shahidi Diwas. Organized under the leadership of Sh. G.S. Phani Kishore, CCIT, Ludhiana, the event saw a high turnout of member volunteers contributing to this humanitarian cause.

Mastering the New Era: DTBA--CAPBUILD--IT25 Seminar April 1st, 2026

To kick off the new fiscal year, the association hosted the "DTBA--CAPBUILD--IT25" seminar. Led by CA Deepak Jain and Team, the session equipped members with a clear roadmap, comparative charts, and practical insights to navigate the transition into the Income Tax Act 2025.

Deep Dive into Litigation: Study Circle Meeting on Appellate Practice April 16th, 2026

The DTBA hosted preeminent speaker Adv. Sudhir Sehgal for a specialized session titled "The Mechanics of Appellate Practice: Procedural Nuances and Legal Principles." Held at the Multi-Purpose Hall, the discussion provided members with critical strategies for handling complex appellate matters.

DTBA purchased a Projector for official use

To enhance the ease, quality, and effectiveness of our future sessions, we are pleased to share that the Association has purchased a Projector for official use.This addition will help us conduct presentations, seminars, workshops, and knowledge sessions in a more professional, smooth, and engaging manner. Thank you for your continued support and encouragement. Together, we continue to grow stronger.

"By balancing technical study circles with administrative outreach and social initiatives, we continue to strengthen the professional standing of our members."

-Executive Committee, DTBA

NOTE : The views and opinions expressed or implied in this newsletter are that of the contributors and do not reflect those of the District Taxation Bar Association (Direct Taxes), Ludhiana.