

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH, AHMEDABAD**

**BEFORE DR. BRR KUMAR, VICE PRESIDENT &  
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.1120/Ahd/2025  
(Assessment Year: 2015-16)

Satva Merchandize Pvt. Ltd., 460, Titanium City Centre, Nr. Sachin Tower, Anandnagar-380015	Vs.	Income Tax Officer, Ward-4(1)(1), Ahmedabad
[PAN No.AAOCS4872P]		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

<b>Appellant by :</b>	Shri Sudhir Mehta, Advocate
<b>Respondent by:</b>	Shri Alpesh Parmar, CIT-DR

<b>Date of Hearing</b>	29.09.2025
<b>Date of Pronouncement</b>	24.11.2025

ORDER

**PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:**

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short “Ld. CIT(A)”), National Faceless Appeal Centre (in short “NFAC”), Delhi vide order dated 21.03.2025 passed for A.Y. 2015-16.

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

“1. The Ld. CIT(A) has erred in law and facts while disallowing appellant ground that the Ld. AO has not granted opportunity of being heard before passing assessment order u/s 147 read with section 144B as the Ld. AO has given show cause notice on dated 12-05-2023 and 17-05-2023 which was due on reply 14-05-2023 and 20-05-2023 respectively. The Ld. AO has passed assessment order on 30.05.2023 the Ld. AO has given very short time to reply SCN of 2 days for such huge addition of Rs. 440,00,38,962/- further the Ld A.O. has changed his stance for making addition in two show cause notice first he asked to make addition for sales and next he asked to make addition on purchase. The Ld. AO has completed the assessment on 30.05.2023 in very hurriedly manner and giving very short opportunity to appellant to reply SCN, further due to which assessee unable to submit all details and evidence, even though the time

*limit to passed assessment was 31.03.2024 showing in IT portal and the authorities with bias mind passed assessment order on 30.05.2023. Hence, the Ld. A.O. has not given proper opportunity of being heard to the appellant, which is against the principal of natural justice, and on the basis of facts and law the assessment order passed without proper opportunity is bad in law and required to be quashed.*

2. *The Ld. CIT(A) has erred in law and facts while confirming the order u/s 148A(d) passed by the Ld. AO and notice issued u/s 148 on the basis of unexplained cash credit in appellant bank accounts and hence, it is assets falling u/s 149(1)(b) of the IT Act, whereas appellant in inquiry proceeding submitted evidence that the amount credited in bank account of appellant is received against sales of goods and not unexplained cash credit. Even though the Ld A.O. has passed Order u/s 148A(d) ignoring the law and facts submitted in inquiry proceeding and issued notice u/s 148 for income escaping assessment on purely guess work. The Ld A.O. has failed to discharge his burden of proof to establish the proper reason for initiation of scrutiny u/s 147 in his order u/s 148A(d) and merely on assumption arrived on opinion by neglecting the facts and law of cases. Therefore, the Ld. A.O. has erred in law as well as facts while passing order u/s 148A(d) and initiating income escaping assessment by issuing notice u/s 148. The order passed u/s 148A(d) is bad in law as thus, order passed on that basis for income escaping assessment is also bad in law.*

3. *The Ld. CIT(A) has erred on law and fact while confirming the addition of Rs. 440,00,38,962/- on ground of bogus purchase without any proper justification and purely on guess work, even in assessment proceeding the Ld. A.O. has change his stances to make unwarranted addition from unexplained cash credit to bogus sales and bogus sales to bogus purchase, in the last the Ld. AO make addition on bogus purchase. The Ld. A.O. was unsure about the valid ground for making addition and purely on conjecture and surmises made bogus addition for such huge amount. On the basis of fact and law of case, the addition made is required to be deleted.*

4. *The appellant reserves the right to delete, add, alter and/or modify the grounds of appeal either before or during the course of hearing of the appeal.”*

3. The brief facts of the case are that the assessee, **Satva Merchandize Pvt. Ltd.**, engaged in the wholesale trading of chemicals, filed its return of income for A.Y. 2015-16. The case was selected for scrutiny based on information received from the Investigation Wing showing that the assessee had obtained accommodation entries from certain entities of the **Ardor Group**, which were well-known for being involved in large-scale bank fraud, bogus billing, and circular trading. During the assessment proceedings, the Assessing Officer (AO) noted that forensic audits

conducted by lender banks and investigations carried out by the CBI revealed that the Ardor Group companies had not maintained proper books and stock records at their locations, had diverted funds dishonestly, and had engaged in paper-based sham transactions without any real movement of goods. Based on this information, the AO issued notices under section 133(6) to the transacting parties however, none of them appeared or furnished any evidence. The Assessing Officer made field enquiries which further established that these entities were non-existent at the addresses provided. Though the assessee relied on the fact that transactions were routed through banking channels and reflected in audited books and VAT returns, as per the Assessing Officer the assessee failed to substantiate the movement of goods by producing transportation records, delivery challans, stock registers, or confirmations from the suppliers. Considering these facts, the AO rejected the books of accounts and treated the entire purchases amounting to **Rs. 440,00,38,962/-** from Farriti Merchandize Pvt. Ltd., Ardor Global Pvt. Ltd., and Ardor International Pvt. Ltd. as bogus, thereby making an equivalent addition.

4. In appeal, the assessee contended before the CIT(A) that the purchases were genuine, having been recorded in the books and supported by banking transactions. However, the CIT(A) carefully examined the assessment records, the submissions of the assessee, and the detailed findings emerging from the forensic audit of the banks and the CBI investigation. The CIT(A) held that the assessee could not produce a single document proving the movement of goods, which is the primary

requirement for establishing the genuineness of sales or purchases. The CIT(Appeals) noted that the suppliers were proven to be accommodation entry providers, and their involvement in siphoning bank funds through sham transactions had been conclusively established by multiple agencies. Since the assessee failed to produce confirmations, transportation evidences, or any proof regarding the physical delivery of goods, the purchases recorded in the books remained unexplained. The CIT(A) further relied on the decision of the Hon'ble Bombay High Court in *Pr. CIT v. Kanak Impex India Ltd.* (ITA No. 791 of 2021, dated 03.03.2025), wherein it was held that when the assessee fails to discharge the burden of proving the genuineness and source of purchase transactions, the entire purchase amount is liable to be added under section 69C. Applying this principle, the CIT(A) upheld the AO's action of disallowing 100% of the purchases treating them as bogus, and dismissed the assessee's grounds of appeal. The remaining grounds, being general and academic in nature, were also dismissed, and thus the appeal of the assessee stood rejected in full.

5. The assessee is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee.

6. Before us, at the outset, the counsel for the assessee submitted that the assessee is a private limited company which had filed its original return of income for AY 2015-16 on 30.09.2015 declaring a gross total income of ₹15,71,380/-. He stated that the Assessing Officer **issued a notice under section 148 on 20.04.2021**, to which the assessee filed a return on

14.05.2021 declaring the same income. The counsel pointed out that the assessee thereafter challenged the very issuance of the notice before the Hon'ble Gujarat High Court by filing Special Civil Application No. 429 of 2022, in which the Hon'ble Court granted an interim stay on 10.01.2022. He further explained that despite the stay, the Assessing Officer issued a fresh notice under section 148A(b) on 27.05.2022 on the basis of the judgment of the Hon'ble Supreme Court in *Union of India v. Ashish Agarwal* (2022) 444 ITR 1 (SC) and CBDT Instruction No. 01/2022. The assessee objected to this notice vide letter dated 17.06.2022, contending that the proceedings were barred by limitation because the notice was issued after more than three years and the case did not satisfy the definition of "asset" under section 149(1)(b) of the Act. However, ignoring these objections, the Assessing Officer passed an order under section 148A(d) on 29.08.2022 and again issued a notice under section 148, to which the assessee filed another return on 07.01.2023 declaring the same income. The assessment was thereafter completed under section 147 read with section 144B on 30.05.2023, and the CIT(A) dismissed the assessee's appeal on 21.03.2025. The present appeal before the Tribunal was filed on 20.05.2025. The counsel submitted that this case relates to AY 2015-16 and therefore squarely falls within the category of reassessment notices which were issued during the TOLA period. He submitted **that the original notice dated 20.04.2021 was issued after 01.04.2021** and is therefore invalid in light of the binding decision of the Hon'ble Supreme Court in *Union of India v. Rajeev Bansal* [2024] 167 taxmann.com 70 (SC), where the Revenue categorically conceded that for AY 2015-16 all

reassessment notices issued on or after 01.04.2021 must be dropped. He further submitted that this principle has been expressly applied in *Deepak Steel and Power Ltd. v. CBDT* [2025] 174 taxmann.com 144 (SC), where a similar notice dated 25.06.2021 for AY 2015-16 was quashed. He further submitted that the jurisdictional Gujarat High Court has also taken the same view in *Narendra Maganlal Purohit v. DCIT*, SCA No. 17443 of 2022, holding that such notices are void. According to the counsel, once the foundation notice of 20.04.2021 is invalid, all subsequent proceedings under section 148A(b), section 148A(d), and the reassessment under section 147 automatically fail.

7. In response, the Ld. DR placed reliance on the observations made by the Assessing Officer and Ld. CIT(Appeals) in their respective orders.

8. We have heard the rival contentions and perused the material on record. The assessee is in appeal before us challenging the validity of the notices issued under section 148A of the Act on the ground that the reopening proceedings for AY 2015-16 are barred by limitation and that the jurisdiction assumed by the Assessing Officer is contrary to law in the light of the binding decisions of the Hon'ble Supreme Court in *Union of India v. Rajeev Bansal* [2024] 167 taxmann.com 70 (SC), *Union of India v. Ashish Agarwal* (2022) 444 ITR 1 (SC) and *Deepak Steel and Power Ltd. v. CBDT* [2025] 174 taxmann.com 144 (SC), as well as the judgment of the jurisdictional Gujarat High Court in *Narendra Maganlal Purohit v. DCIT*, SCA No. 17443 of 2022. The learned counsel submitted that the assessee had originally filed its return of income on 30.09.2015 declaring

income of ₹15,71,380/- **and that the first notice under section 148 was issued on 20.04.2021.** He further pointed out that the assessee had filed a writ petition before the Hon'ble Gujarat High Court and obtained interim stay, and that thereafter the Assessing Officer issued a notice under section 148A(b) only on 27.05.2022 after the judgment of the Hon'ble Supreme Court in *Ashish Agarwal* (supra). It was argued that the notice dated 20.04.2021 being issued after 01.04.2021 for AY 2015-16 is per se without jurisdiction in view of the concession recorded by the Hon'ble Supreme Court in para 19(f) of *Rajeev Bansal* (supra), wherein the Revenue declared that **for assessment year 2015-16 all notices issued on or after 01.04.2021 have to be dropped**, and this position has been unequivocally applied in *Deepak Steel and Power Ltd.* (supra) which quashed a notice dated 25.06.2021 for AY 2015-16 on identical facts. It was further submitted that the deeming fiction under *Ashish Agarwal* (supra) cannot revive jurisdiction which never existed and that the subsequent order under section 148A(d) dated 29.08.2022, the notice under section 148 issued thereafter, and the assessment order under section 147 r.w.s. 144B dated 30.05.2023 are all void.

9. Having considered the submissions and examined the legal position, we find that the facts of the assessee's case are squarely covered by the decisions of the Hon'ble Supreme Court. In *Union of India v. Rajeev Bansal [2024] 167 taxmann.com 70 (SC)*, the Supreme Court held that the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (TOLA) relaxes time limits only for actions that fell

for completion between 20.03.2020 and 31.03.2021 and expressly recorded the Revenue's concession that **for AY 2015-16 all notices issued on or after 01.04.2021 must be dropped**, as AY 2015-16 does not fall within the TOLA window. This concession was subsequently applied in *Deepak Steel and Power Ltd. v. CBDT [2025] 174 taxmann.com 144 (SC)*, in which the Supreme Court quashed a notice dated 25.06.2021 as invalid for AY 2015-16. Further, the Delhi and Bombay High Courts in *H.A. Share and Brokers (P.) Ltd. v. ITO [2025] 176 taxmann.com 665 (Delhi)* and *Cherian Nallathu Abraham Annamma v. ITO [2025] 179 taxmann.com 433 (Bom.)* respectively have consistently applied the same principle: that any notice issued under section 148 or deemed to be issued under section 148A(b) for AY 2015-16 after 01.04.2021 is void ab initio. The jurisdictional Gujarat High Court in *Narendra Maganlal Purohit v. DCIT, SCA No. 17443 of 2022*, has also followed the ratio of *Rajeev Bansal (supra)* and held that such notices are without authority of law. The deeming fiction created in *Union of India v. Ashish Agarwal (2022) 444 ITR 1 (SC)* cannot by any stretch extend or revive the period of limitation prescribed under section 149 nor can it validate a notice which is barred at its inception.

10. In the present case, the initial notice under section 148 was issued on 20.04.2021, i.e., after 01.04.2021, for AY 2015-16. In view of the binding position of law explained above, the said notice is time-barred and without jurisdiction. Consequently, all subsequent proceedings including the notice under section 148A(b) dated 27.05.2022, the order under section

- 9 -

148A(d) dated 29.08.2022, the further notice under section 148, and the assessment order under section 147 r.w.s. 144B dated 30.05.2023 issued on the foundation of the invalid notice cannot survive.

11. The appeal of the assessee on the ground of jurisdiction is allowed.

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

<b>This Order pronounced in Open Court on</b>	<b>24/11/2025</b>
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**Sd/-**  
**(DR. BRR KUMAR)**  
**VICE PRESIDENT**

**Sd/-**  
**(SIDDHARTHA NAUTIYAL)**  
**JUDICIAL MEMBER**

Ahmedabad; Dated 24/11/2025

TANMAY, Sr. PS

TRUE COPY

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

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

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)  
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad