



IN THE HIGH COURT OF KARNATAKA, AT DHARWAD

DATED THIS THE 27TH DAY OF JANUARY, 2026

PRESENT

THE HON'BLE MR. JUSTICE M.I.ARUN

AND

THE HON'BLE MR. JUSTICE B. MURALIDHARA PAI

INCOME TAX APPEAL NO. 100039 OF 2023

BETWEEN:

THE PR. COMMISSIONER OF INCOME TAX,
BELAGAVI.

... APPELLANT

(BY SRI. TIRUMALESH M., ADVOCATE)

AND:

BASHIR AHMED ABDURRAHMAN MATTE,
C/O. NIMRA HOSPITAL, NEAR KOLIKATA,
BELAGAVI ROAD, GOKAK-591 307,
BELAGAVI DISTRICT.

... RESPONDENT

(BY SRI. S.V. RAVISHANKAR, ADVOCATE FOR
SRI. SHASHANK S. HEGDE, ADVOCATE)

THIS ITA IS FILED UNDER SECTION 260A OF THE INCOME-TAX ACT, 1961, PRAYING TO FORMULATE THE SUBSTANTIAL QUESTION OF LAW AS STATED ABOVE; ALLOW THE APPEAL AND SET ASIDE THE ORDERS PASSED BY THE INCOME-TAX APPELLATE TRIBUNAL, 'A' BENCH, BANGALORE IN ITA NO.7/BANG/2021 DATED 21.09.2022 FOR THE A.Y. 2013-14 MARKED AS ANNEXURE-A AND CONFIRM THE ORDER DATED 19.03.2020 PASSED BY THE PRINCIPAL COMMISSIONER OF INCOME TAX, HUBBALLI, FOR THE A.Y. 2013-14 AS ENCLOSED AND MARKED AS ANNEXURE-B AND ETC.

THIS APPEAL IS COMING ON FOR ADMISSION, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:



CORAM: THE HON'BLE MR. JUSTICE M.I.ARUN
AND
THE HON'BLE MR. JUSTICE B. MURALIDHARA PAI

ORAL JUDGMENT

(PER: THE HON'BLE MR. JUSTICE M.I.ARUN)

1. The appeal is filed by the Revenue against the order passed in ITA Nos.7/Bang/2021 for the assessment year 2013-14 for the Income Tax paid by the Assessee.

2. The Income Tax returns filed by the Assessee for the financial year 2012-13 (assessment year 2013-14) was taken up for assessment under Section 143 of the Income Tax Act, 1961 (for short, 'the Act') by the revenue. The issue pertains to the cost of construction of a building on a land belonging to the Assessee. An order under Section 143(3) of the Act was passed by the jurisdictional Income Tax Officer (for short, 'the ITO') on 30.03.2015. Against the said order, an order under Section 263 of the Act was passed on 22.03.2017, suggesting that the jurisdictional ITO is required to have the building valued from the



Departmental Valuation Officer and thereafter, pass necessary orders under Section 143 read with Section 263 of the Act. Pursuant to the said order, the jurisdictional ITO referred the matter for valuation to the Departmental Valuation Officer on 04.05.2017. As per Section 142A(6) of the Act, the Departmental Valuation Officer is required to submit a copy of the report of the estimate of the value of the building within a period of 06 months from the end of the month in which a reference is made. However, belatedly on 25.04.2018, the valuation report has been submitted, which is much beyond the prescribed period of 06 months. In the meanwhile, as there was an inordinate delay in submission of the valuation report, an assessment order was passed under Section 143(3) read with Section 263 of the Act on 27.12.2017. Upon receipt of the valuation report, the Principal Commissioner of Income Tax passed an order dated 19.03.2020, holding that the order of the Assessing Officer is erroneous and prejudicial to the interest of the revenue and set aside the assessment order dated



27.12.2017 and remanded the matter back to the ITO for fresh consideration.

3. Aggrieved by the same, the Assessee preferred ITA No.7/BANG/2021, which came to be allowed. Aggrieved by the same, the Revenue has preferred the present appeal.

4. Learned counsel for the Appellant/Revenue contended that the ITO was constrained to pass an order under Section 143(3) read with Section 263 of the Act on 27.12.2017, as he did not receive the valuation report from the Departmental Valuation Officer within the time limit. He further contended that irrespective of the number of days of delay in receiving the valuation report, the Assessing Officer gets 60 days time to pass an order under Section 153 of the Act. He contended that if after the delayed submission of the valuation report, it is found that the assessment order passed by the ITO is prejudicial to the interest of the revenue, the Principal Commissioner of Income Tax is empowered to pass appropriate orders to the contrary



under Section 263 of the Act, which has been done in the instant case. Hence, he prays that the appeal be allowed by framing substantial questions of law as mentioned in the appeal memorandum.

5. Per contra, the counsel for the Respondent/Assessee justifies the impugned order and prays for dismissal of the appeal.

6. The Tribunal has allowed the claim of the Assessee on the following grounds:

"17. After hearing both the sides and pursuing the entire material on record and examining the order of the lower authorities, we do not find any substance on the order of the Id.Pr.CIT that the AO passed order in a hurry without waiting for the DVO report. The DVO submitted report on 25/04/2018 u/s 142A of the Act after 6 months from the receipt of reference, therefore, the DVO report has no value in the eye of law as per sec. 142A(6) of the Act. In support of our view, we rely on the decision of Kolkata Bench in the case of Narula Educational Trust in ITA No.126 taxmann.com 158 (Kolkata - Trib.) vide order dated 05/02/2020. Therefore, the AO will not get any benefit of extended period of 60 days as per sec. 153 of the Act. The Id.Pr.CIT is also not justified for reckoning the period for completion of



assessment by the AO as per the limitation is also wrong. Considering the totality of facts and circumstances of the case, we set aside the order passed by the Id.Pr.CIT for exercising his power u/s 263 of the Act. Hence, the order passed by the AO cannot be revised us/ 263 of the Act. Therefore, the order passed by the AO is neither erroneous nor prejudicial to the interest of revenue

18. In the result, the appeal of the assessee is allowed. A copy of common order be placed on the respective case files.

7. Section 142A of the Act empowers the Assessing Officer to refer the valuation of a property to a Valuation Officer. Sub-section (6) of the Section 142A of the Act mandates that the valuation report shall be submitted within six months from the end of the month in which the reference is made.

8. Thus, Section 142A of the Act empowers the Assessing Officer, for the purposes of assessment under the IT Act, to refer the matter to a Valuation Officer to assess the market value or fair value of the property involved, and the Valuation Officer is required to do the same within a period of six months thereafter.



9. Section 142A(6) of the Act reads as under:

"142A(6). The Valuation Officer shall send a copy of the report of the estimate made under sub-section (4) or sub-section (5), as the case may be, to the Assessing Officer and the assessee, within a period of six months from the end of the month in which a reference is made under sub-section (1)."

10. Section 153 of the Act prescribes the time limits for completion of assessment, reassessment or recomputation.

11. Section 153(3) of the Act reads as under:

"(3) Notwithstanding anything contained in sub-sections (1), (1A) and (2), an order of fresh assessment or fresh order under section 92CA, as the case may be, in pursuance of an order under section 250 or section 254 or section 263 or section 264, setting aside or cancelling an assessment, or an order under section 92CA, as the case may be, may be made at any time before the expiry of nine months from the end of the financial year in which the order under section 250 or section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Chief Commissioner or Chief Commissioner or



Principal Commissioner or Commissioner, as the case may be.

12. Clause (v) of Explanation 1 to Section 153 of the Act and the first proviso reads as under:

Explanation 1.—For the purposes of this section, in computing the period of limitation—

(v) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer; or

Shall be excluded:

Provided *that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in sub-sections (1), (1A), (2), (3) and sub-section (8) available to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.*

13. From the conjoint reading of the aforementioned provisions, we do not see any error in the impugned order passed by the Tribunal. The revenue has failed to raise any



substantial question of law that is required to be answered by this Court.

14. For the aforesaid reasons, the appeal is hereby **dismissed.**

**Sd/-
(M.I.ARUN)
JUDGE**

**Sd/-
(B. MURALIDHARA PAI)
JUDGE**

CKK para 1 and 2
VB para 3 to end
CT:BCK LIST NO.: 1 SL NO.: 37