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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **ITA 429/2025 CM APPL. 58668/2025 CM APPL. 58669/2025**
PR. COMMISSIONER OF INCOME TAX 4 NEW DELHI

.....Appellant

Through: Mr. Shlok Chandra, Sr. Std. Counsel
with Ms. Naincy Jain, Ms. Madhavi
Shukla, Jr. SCs.

versus

MAHARISHI AYURVEDA PRODUCTS PVT LTD

.....Respondent

Through: Mr. Ved Jain and Mr. Nischay
Kantoor, Advs.

CORAM:

HON'BLE MR. JUSTICE V. KAMESWAR RAO

HON'BLE MR. JUSTICE VINOD KUMAR

ORDER

04.12.2025

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1. The challenge in this appeal under Section 260A of the Income Tax Act, 1961 (the Act) is to the order dated 04.08.2023 passed by the Income Tax Appellate Tribunal (ITAT) in ITA No. 1054/Del/2022 relating to the Assessment Year 2017-18.

2. The Tribunal vide the impugned order dated 04.08.2023 has allowed the appeal filed by the respondent/Assessee challenging the order passed by the PCIT under Section 263 of the Act. The relevant paragraph 8 of the order of ITAT is as under :

“8. In view of above, we reached to a logical conclusion that it is a clear case of adequate and sufficient enquiry by the AO on the above noted first and second issues. Therefore, the Id PCIT was not right and justified in invoking revisionary provisions of section 263 of the Act and in holding that the assessment order is erroneous and prejudicial to the interest of revenue. Therefore, impugned order u/s 263 of the Act is set aside. Accordingly, grounds of assessee are allowed.”



3. It is the submission of the learned counsel for the respondent that pursuant to the order passed by the PCIT under Section 263 of the Act, the Assessing Officer has passed an Assessment Order wherein in paragraph 9 of the Assessment Order, the Assessing Officer has stated as under :

“9. Assessed u/s. 143(3) rws 263 of the I.T. Act, 1961 at (-)Rs.79,35,0601. The assessment of income is done as per computation sheet and the sum payable is determined as per the demand notice. Penalty proceedings u/s. 271AAC(1) are separately initiated for addition u/s. 115BBE of the I.T. Act. Penalty u/s. 270A is separately initiated for under reporting of income.”

4. According to him, as the tax effect has been shown as Rs.1,30,66,999/-, which is less than Rs.2 crores, the present appeal should be dismissed as not maintainable, because of low tax effect.

5. Keeping in view of the circular 5 of 2024 read with circular no. 9 of 2024, the submission of Mr. Shlok Chandra SSC is that the present appeal is maintainable as the same falls within the exception clause carved out in the circular no. 5 of 2024. More specifically 3.1(f), which reads as under :

“3.1. f. Where the tax effect is not quantifiable or not involved, such as the case of registration of trusts or institutions under sections 10(23C), 12/A/12AA/12AB of the Act, order passed u/s 263 of the Act etc. The reference to cases involving sections referred here, where it is not possible to quantify tax effect or tax effect is not involved, is for the purpose of illustration only.”

6. It is his submission that a reading of the clause would reveal that in certain cases where the tax effect cannot be quantified, like under Sections 10(23C), 12/A/12AA/12AB or an order passed u/s 263 of the Act, the appeal



shall be maintainable.

7. At this stage, learned counsel for the respondent has relied upon the judgment of the Allahabad High Court in the case of ***Principal Commissioner of Income-tax v. Bhupendra Sharma (HUF)***, IT Appeal No. 61 of 2024, decided on August 7, 2024 to contend that in similar facts wherein an order was passed under Section 263 of the Act remanding the matter to the Assessing Officer with a direction to pass a fresh Assessment Order after making certain inquiries and the Assessing Officer had quantified the return income as Rs.32,61,751/-, the Allahabad High Court by noting the clause 3.1(f) of the circular of 5 of 2024 has dismissed the appeal filed by the Revenue as not maintainable.

8. Having seen the judgment passed by the Allahabad High Court and also the fact that after the order under Section 263 of the Act was passed by the PCIT in the case in hand, the Assessing Officer having passed the Assessment Order of which reference has been made in the aforesaid paragraph, we are of the view that keeping the question of law as raised by Mr. Chandra before us and in view that the net tax effect depicted by the appellant in the appeal paper book as Rs.1,30,66,999/- which is less than Rs.2 Crores, open, the appeal be closed.

9. We order accordingly.

V. KAMESWAR RAO, J

VINOD KUMAR, J

DECEMBER 04, 2025

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