IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 12.06.2026

CORAM

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HONOURABLE MR. JUSTICE G.ARUL MURUGAN

T.C.A.No.38 of 2026

Principal Commissioner of Income Tax
Madurai

Appellant(s)

Vs

Chokkalingam Thangavel
Aathihapuram Street,
Vellamadam Post,
Agasteeswaram, Kanyakumari,
Tamil Nadu 629 305
PAN : AJUPC7902Q

Respondent(s)

PRAYER: Appeal filed under Section 260A of the Income Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, "A" Bench, Chennai dated 25.07.2025 in ITA.No.577/Chny/2025.

For Appellant(s) : Mr.V.Mahalingam
Senior Standing Counsel

JUDGMENT

(Delivered by G.ARUL MURUGAN, J.)

The Revenue has preferred this tax case appeal under Section 260A of the Income Tax Act, 1961, assailing the order of the ITAT Chennai "A" Bench dated 25.07.2025 in ITA.No.577/Chny/2025.

2. The assessee, an individual and an agent of Hinduja Leyland Finance Limited and Shriram Transport Finance Co. Ltd., for distribution of vehicle loans, did not file the return of income for the assessment year 2018-19 on the reason that his income is within the threshold limit. Based on the information received by the Assessing Officer that there were certain huge cash deposits and withdrawals in the account of the assessee, the Assessing Officer issued a show cause notice under Section 148A(b) of the Income Tax Act, 1961 (in short "the Act") on 21.03.2022, after taking prior approval of the Principal Commissioner of Income Tax (PCIT), Madurai-1. The Assessing Officer passed an order under Section 148A(d) of the Act on 06.04.2022 and thereafter, issued notice under Section 148 of the Act on 07.04.2022.

3. The assessee filed the return, in response to the notice declaring the total income of Rs.4,84,500/-. Since the cash deposits and withdrawals were not properly responded, the Assessing Officer completed the assessment under Section 147 read with Section 144B of the Act and assessed the total income at Rs.1,44,90,260/-. The appeal preferred by the assessee before the Commissioner of Income Tax (Appeals) challenging the assessment came to be rejected. But however, the further appeal preferred to the Income Tax Appellate Tribunal (ITAT) was allowed on the ground of non-compliance of the mandatory provision under Section 148 of the Act in issuing the notice without obtaining approval from the appropriate authority i.e., the Principal Chief Commissioner.

4. Learned Senior Standing Counsel appearing for the Revenue contended that as per amended Section 148A of the Act, the Assessing Officer must allow 7 to 30 days to respond to the notice under Section 148A(b) and the order under Section 148A(d) must be passed within one month plus the response period. Since the notice was issued on 21.03.2022 and the same was received and not responded, the limitation is there till 30.04.2022 and since the order has been passed

on 06.04.2022, it is within the prescribed time and the ITAT had not considered this aspect. Therefore, even though the tax due is below the limit prescribed in the CBDT Circular, the appeal is still maintainable, since it falls within the exceptions laid down under the said circular.

5. Heard the learned counsel and perused the materials available on record.

6. The Assessing Officer has passed the assessment order stating that order under Section 148A(d) of the Act was passed on 06.04.2022, after taking prior approval of PCIT, Madurai-1. The notice under Section 148 of the Act was issued to the assessee on 07.04.2022. The notice issued pertains to the assessment year 2018-19, which is beyond the period of three years. The ITAT has considered the legal issue as to whether notice can be issued under Section 148 of the Act beyond three years, without obtaining approval from the appropriate authority.

7. The ITAT, placed reliance on a decision of a learned Single Judge of this Court in the case of ***M/s.Core Logistic Company v. ACIT (W.P.No.18168 of 2023 decided on 05.06.2025)***, wherein the notice issued under Section 148 of the Act was quashed as the same was issued in violation of Section 151(ii) of the Act and, therefore, initiation of proceedings itself was found without jurisdiction. The relevant portion of the order passed in ***M/s.Core Logistic Company*** (cited *supra*) is extracted herein:

> *"9. A perusal of Section 151(i) would show that, the specified authority for the purpose of issuing notice under Section 148 within a period of three years from the end of the relevant assessment year is, the Principal Commissioner or Principal Director or Commissioner or Director. Further, in terms of provision of Section 149, three year time period is fixed for issuance of 148 notice, in the event of the amount is below 50 lakhs. In the present case, the amount involved is Rs.3,65,09,748/-, which is more than 50 lakhs. 148 notice was issued on 25.07.2022, which is beyond the period of three years. So admittedly, the approval has to be obtained from the Principal Chief Commissioner or Principal Director General or*

Chief Commissioner or Director General as defined under Section 151(ii). But, in the present case, the approval was obtained from the Principal Commissioner in terms of Section 151(i) and no approval was obtained before issuance of 148 notice in terms of provision of Section 151(ii), which is mandatory. Therefore, the notice under Section 148 was issued in the present case in violation of provision of Section 151(ii) of the Income Tax Act. In view thereof, the initiation of proceedings itself is without any jurisdiction. Hence, the same is liable to be quashed.

10. Accordingly, the impugned proceedings of the 3rd respondent dated 30.05.2023 is hereby quashed."

8. Admittedly, in the instant case, since the notice under Section 148 of the Act was issued beyond the period of three years without obtaining the approval from the Principal Chief Commissioner/ appropriate authority, the ITAT, by following the aforesaid decision, had held that the notice issued is invalid and allowed the appeal.

9. We find no error or infirmity in the findings arrived at by the ITAT warranting interference and no substantial question of law arises for consideration in this appeal. Accordingly, the tax case appeal stands dismissed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ.) (G.ARUL MURUGAN, J.)
12.06.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
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