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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ ITA 644/2019

THE PR. COMMISSIONER OF INCOME TAX -3

.....Appellant

Through: Mr. Ruchir Bhatia SSC with Mr. Anant Mann and Mr. P. Gupta, JSCs.

versus

ESCORTS LTD.

.....Respondent

Through: Mr. Simran Mehta and Mr. ARchit Vashistha, Advs.

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE MR. JUSTICE VINOD KUMAR

O R D E R

% 27.04.2026

1. The present appeal has been preferred by the appellant against the order dated 27.11.2018 of the Income Tax Appellate Tribunal, Delhi Bench ‘B’, New Delhi (ITAT) (*hereinafter referred to as ‘the Tribunal’*) in Appeal No. 3652/Del/2015 for the Assessment Years (AY) 2001-02, which was filed by Assistant Commissioner Income Tax against the order of the Commissioner of Income Tax (Appeals)-3, New Delhi (*hereinafter referred to as ‘CIT(A)’*) dated 30.03.2015.

2. The questions, which were raised by the Department before the Tribunal are reproduced hereinfra :

> “ *1. On the facts and in the circumstances of the case*

and in law, Ld. CIT(A) has erred in quashing the order u/s 148/143(3) of the I.T. Act, dated 29.12.2026 and holding the same as null and void.

2. The appellant craves leave to add, alter or amend any ground of appeal raised above at the time of hearing."

3. Learned counsel for the respondent at the outset submitted that the relevant reassessment order dated 29.12.2006 under Section 148 of the Act of 1961 was passed by the Assessing Officer (AO) for the same Assessment Year (AY) i.e. 2001-02, *qua* which the appeal on merit being ITA No. 1427/2006 has been rejected by this Court vide order of even date (i.e. 27.04.2026).

4. He added that the AO had initiated reassessment proceedings in relation to very same AY 2001-02 after the assessee's appeal was allowed by the CIT(A) and made the very same addition to the assessee's income so as to overcome the setting aside of the initial assessment order which was annulled by order dated 31.01.2006 passed by the CIT(A), Delhi.

5. Learned counsel submitted that the CIT(A) vide his order dated 30.01.2015, declared the initiation of the reassessment proceedings under Section 148 of the Income Tax Act, 1961 to be illegal and arbitrary and has consequently quashed the assessment order and said order of CIT(A) has been affirmed by the Tribunal.

6. Having heard learned counsel for the parties, we are of the view that the CIT(A) was perfectly justified in declaring the proceedings to be illegal inasmuch as the AO having applied his mind and made the addition, which had been otherwise set aside by the CIT(A), could not have invoked Section 148 of the Act of 1961. Said decision has been rightly affirmed by the

Tribunal by the order impugned.

7. Since we have rejected Department's appeal i.e. ITA No. 1427/2006 by order of even date, in which the merit of the additions have been examined, the present appeal emanates from order of reassessment is liable to be rejected apart from on the ground of validity of proceedings.

8. The appeal is disposed of accordingly.

DINESH MEHTA, J

VINOD KUMAR, J

APRIL 27, 2026/*dd*