2026:AHC:227083-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

INCOME TAX APPEAL No. - 183 of 2026

The Pr Commissioner Of Income Tax-1 And Another

.....Appellant(s)

Versus

Pashupati Castings Ltd.,

.....Respondent(s)

Counsel for Appellant(s)	:	Amit Mahajan
Counsel for Respondent(s)	:	Suyash Agarwal

Court No. - 39

HON'BLE SAUMITRA DAYAL SINGH, J.
HON'BLE SWARUPAMA CHATURVEDI, J.

1. Heard Shri Amit Mahajan, Learned Senior Standing Counsel for the revenue and Shri Suyash Agarwal, learned counsel for the assessee.

2. Present appeal has arisen against the order of the Income Tax Appellate Tribunal, Agra Bench "DB":Agra, dated 17.03.2026 whereby the assessee's appeal ITA No. 19/AGR/2026 for AY 2017-18, Pashupati Castings Ltd. vs ITO, has been allowed on jurisdictional ground. Thus, the entire reassessment proceedings initiated against the assessee under Section 147 of the Income Tax Act, 1961 (hereinafter referred to as the Act) for the A.Y. 2017-18 has been dropped.

3. At the outset, preliminary objection has been raised that the present appeal has been filed below the threshold monetary limit Rs. 2 crores.

4. The above preliminary objection has been met on the strength of Clause 3.1 (e) read with (f) of Circular No. 5 of 2024 dated 15.03.2024 and computation sheet of tax. Thus, it has been submitted on behalf of the revenue that the total tax payable is Rs. 2,09,62,403/-.

5. Alternatively, in view of observation made in paragraph 3 of the order of the Tribunal, it has been submitted, by virtue of Clause 3.1 (e) of the Circular dated 15.03.2024, the present appeal is maintainable.

6. Still, alternatively, it has been submitted, since the entire reassessment order has been set aside on jurisdictional ground, the merit issues have not

been examined. Therefore, the tax effect is not quantifiable.

7. Having heard counsel for the parties and having perused the record, we find, the present appeal is not maintainable. In the first place, as to the observation made in paragraph 3 of the order of the Tribunal, we find, only this much has been observed by the Tribunal:

> *"Since the notice is issued on 1-4-2021, the provisions of new section 148A and amended section 151 of the Act kicks in. Admittedly, the Learned AO had not followed any of the procedures prescribed under the new regime and the amended provisions of section 148A and amended provisions of section 151 of the Act. Accordingly, it was submitted that the entire reassessment framed under section 147 of the Act deserves to be quashed."*

8. That part of the order is recital of the submissions advanced by the assessee. As to the finding, the Tribunal has only followed the order of its coordinate bench in *Aseem Sehgal v. ITO*, in ITA Nos. 154 to 156/Del/2025 dated 30.07.2025. No independent reasoning has been recorded. Even otherwise, by merely stating that no procedure of law may have been followed while framing the assessment order, it may not be inferred that any stricture/adverse comment has been made. Clause 3.1(e) is referable only to strictures or adverse comments passed specifically with reference to any officer and not to the reasoning disapproved. It is in the nature of proceedings that the appeal authority may make such observations to support its conclusion that the order appealed against is contrary to the procedure established or has been passed in disregard to the procedure established or is violative of the procedure established. Those observations or reasoning are not adverse to the author of the order impugned before the appeal authority but are referable only to the error noted in the order.

9. Similarly, where the entire order is quashed or set aside on jurisdictional ground, it may not involve a case where tax effect is not quantifiable. Here, the net tax liability is Rs. 1,23,07,705/-. Thereon, interest has been added leading to the total tax liability together with interest is Rs. 2,09,62,403/-.

10. It is fundamental in this branch that where under the litigation policy, the maintainability of the appeal hinges on tax effect, interest and penalty

liabilities are not to be examined for the purposes of ascertaining the maintainability of the appeal as per the litigation policy of the Union of India.

11. Consequently the appeal is found to be below the monetary limit specified under the binding Circular. It is accordingly **dismissed**.

(Swarupama Chaturvedi,J.) (Saumitra Dayal Singh,J.)

November 2, 2026

Prakhar

Digitally signed by :-
PRAKHAR SRIVASTAVA
High Court of Judicature at Allahabad