IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "G", MUMBAI

BEFORE SHRI ANIKESH BANERJEE, JUDICIAL MEMBER AND
SHRI ARUN KHODPIA, ACCOUNTANT MEMBER

ITA No.6872/Mum/2025 (Assessment year: 2015-16)
ITA No.6873/Mum/2025 (Assessment year: 2019-20)

Zee Entertainment Enterprises Limited 18th Floor, A-Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel, Mumbai-400013 **PAN:AAACZ0243R**	**vs**	**DCIT C.C.2(4), Mumbai** Aayakar Bhavan, M.K. Road, Mumbai-400020
APPELLANT		**RESPONDENT**

Assessee by : Shri Madhur Agarwal & Jayesh Chobisa
Respondent by : Shri Dhiraj Kumar (Sr.AR)

Date of hearing : 18/03/2026
Date of pronouncement : 24/03/2026

O R D E R

Per Bench :

Both the appeals of the same assessee filed against the order of the Ld. Commissioner of Income Tax(Appeal)-48, Mumbai [for brevity the "Ld. CIT(A)"], order passed under section 250 of the Income Tax Act 1961 (for brevity 'the Act') for assessment year 2015-16 and 2019-20 date of order 29.08.2025. Both the impugned orders emanated from the order of the Ld. DCIT C.C.-2(4), Mumbai (for

brevity the 'Ld. AO') order passed under section 143(3) r.w.s. 147 of the Act date of order 22.02.2023 for A.Y. 2015-16 and 23.03.2023 for A.Y. 2019-20.

2. Both the appeals are pertain to the same assessee for convenience we taken together heard together and disposed of by a common order. By adjudicating both the appeals separately

ITA No.6872/Mum/2025, AY 2015-16

3. The Ld. AR contended that the assessee filed the return for A.Y. 2015-16 on 26.11.2015 by declaring total income amount to Rs.1221,91,58,460/-. Thereafter the assessee filed its revised return of income on 30.03.2017 declaring total income of Rs.1221,42,73,420/-. The assessment was completed u/sec. 143(3) of the Act on 29.12.2017, assessing total income of Rs.1221,58,89,046/-. Subsequently case was reopened by issuing notice u/sec. 148 under the old provision on 21.04.2021 issued by Ld. ACIT Circle 16(1), Mumbai. After considering the order of Hon'ble Supreme Court of India in case of **UOI vs Ashish Agrawal** reported in **(2022) 444 ITR 1 (SC)** a fresh notice u/sec. 148 was issued to the assessee on 29.07.2022 after following the due procedure laid down u/sec. 148A. The Ld. AR challenged that the alleged notice issued on 29.07.2022 is barred by limitation and accordingly, the jurisdiction of the Ld. AO for issuance of notice u/sec. 148A is illegal, considering the order of the Hon'ble Supreme Court in **UOI vs Rajeev Bansal** reported in **167 taxmann.com 70 SC.**

4. The Ld. AR respectfully stated that the said issue is no more re integra. The Ld. AR respectfully relied on the order of Coordinate Bench of ITAT, Mumbai 'E' Bench in the case of **ITO vs Ketan Babulal Jain, ITA No.1932 and 1933/Mum/2025** and **CO No. 117 and 118/Mum/2025** the date of

pronouncement dated 22.01.2026. The relevant **para no.10** is reproduced as below:

"10. We heard the rival submission and considered the document available in the record. We find that the said issue is duly covered by the order of the Hon'ble Supreme Court in Rajiv Bansal (supra). Accordingly, the ruling of the Hon'ble Supreme Court is duly applicable for assessee and the notice initiated by the revenue stands quashed. So the entire addition made by the Ld. AO is dismissed.

We have carefully considered the rival submissions, examined the material available on record, and taken note of the judicial precedents. The assessee's challenge is fundamentally on the jurisdictional ground namely, that the notice issued under section 148A(b) dated 27/05/2022 is void ab initio, being issued beyond the period of limitation for A.Y. 2015-16, and squarely covered by the binding decisions of the Hon'ble Supreme Court in. Rajiv Bansal (supra) and the Hon'ble Bombay High Court in Verjinia Foods Limited vs the Income Tax Officer, Ward-1(1), Kalyan W.P. No.1428 OF 2023, date of order 06/10/2025. The legal position that emerges from these authorities is unambiguous & all reassessment notices issued for A.Y. 2015-16 on or after 01/04/2021 are barred by limitation and must be dropped, as they do not fall within the extended period permissible under TOLA. The Hon'ble Bombay High Court has repeatedly applied this principle and quashed reassessment notices in identical fact situations. In the present case, the impugned notice under section 148A(b) was issued on 27/05/2022, well beyond the legally permissible period. Consequently, the reassessment proceedings lack jurisdiction from their inception. The Ld. DR, despite relying onthe orders of the revenue authorities, was unable to produce any contrary decision to rebut the judicial precedents cited by the Ld. AR.

In view of the above, the legal ground pertaining to the validity of the reassessment notice goes to the root of jurisdiction and is sufficient to vitiate the entire proceedings. Once the notice itself is void ab initio, the consequent reassessment order cannot survive. Accordingly, the additions made by the Ld. AO become purely academic and need not be adjudicated on merits. We therefore hold that the reassessment proceeding initiated under section 148A(b) is invalid, and the reassessment order passed pursuant thereto is liable to be quashed. As the issue is decided on the jurisdictional legal ground, the grounds on merits are rendered academic and are kept open."

5. The Ld. DR argued and relied on the order of revenue authorities. But the Ld. DR was unable to bring any such contrary evidence against the submission of the Ld. AR.

6. We have carefully considered the rival submissions and perused the material available on record. The short issue for consideration is whether the notice issued under section 148 on 29.07.2022 for A.Y. 2015-16 is within the prescribed time limit under section 149 of the Act. For A.Y. 2015-16, the six-year limitation period under the old regime of section 149(1)(b) expired on 31.03.2022. The reassessment notice in the present case has admittedly been issued on 29.07.2022, i.e., after the expiry of the six-year limitation period. The legal position regarding applicability of the amended provisions of section 149 has been clearly explained by the Hon'ble Supreme Court in **Union of India v. Rajeev Bansal (2024) 167 taxmann.com 70 (SC)**. The Apex Court has held that by virtue of the first proviso to section 149(1), reassessment notices for assessment years prior to A.Y. 2021-22 cannot be issued if the time limit prescribed under the old regime had already expired on the date of issuance of notice. In other words, the extended time limit of ten years under the new regime cannot revive cases which were already time-barred under the earlier law. Applying the above principle, it is evident that for A.Y. 2015-16 the last permissible date for issuance of notice under section 148 under the old regime was 31.03.2022. Since the impugned notice has been issued on 29.07.2022, the same is clearly beyond the statutory limitation period. We also note that an identical issue has been considered by the Coordinate Bench of the Tribunal in the case of **Ketan Babulal Jain** (supra) wherein it was held that the notice issued after 31.03.2022 for A.Y. 2015-16 is barred by limitation in view of the first proviso to section 149(1) of the Act. The

contentions raised by the Ld. DR regarding the applicability of TOLA and the judgments of the Hon'ble Supreme Court in **Ashish Agarwal** (supra) and **Rajeev Bansal** (supra) have been duly respectfully considered. However, the impugned notice in the present case has been issued after 31.03.2022, i.e., after the expiry of the limitation period prescribed under the old regime. Therefore, in view of the ratio laid down by the Hon'ble Supreme Court in **Rajeev Bansal** (supra), the reassessment notice cannot survive.

Accordingly, we hold that the notice issued under section 148, dated 29.07.2022 is barred by limitation and is therefore invalid in law. Consequently, the reassessment proceedings initiated pursuant to such invalid notice are void ab initio and liable to be quashed. Since the appeal has been decided on a legal issue, the grounds raised on merits are rendered academic and do not require adjudication.

7. In the result, the appeal of the assessee bearing **ITA No.6872/Mum/2025** is allowed.

ITA No.6873/Mum/2025, AY 2019-20

8. The issue was argued by the Ld. AR before the Bench is related to disallowance u/sec. 14A read with rule 8D of the Income Tax Rule 1962 (the 'Rules'). The Ld. AR contended that the assessee had disallowed Rs.15,000/- at the rate of 1% of average monthly investment of Rs.15,00,000/- and declared the income in the return of income (ROI). The Ld. AO issued the show cause notice for disallowance of expenses u/sec 14A of the Act related to earning of exempted income. In compliance of the notice of the Ld. AO the assessee responded by a

letter dated 25.05.2023 and contended the issue in point no.7 which is reproduced as below:

"Point 7: For the year under consideration, the assessee has earned dividend income of Rs.5681267/- which is summarized as under:

Particulars	Amount(Rs)	Remarks
Dividend from EsselPropack Limited ('EPL')	43,72,800	Exempt u/sec. 10(34)
Dividend from Tata Liquid Fund	53,96,83	Exempt u/sec. 10(34)
Dividend from Exfinity fund	76,87,84	Taxable
Total	56,81,267	

As can observed from the above, the assessee has earned dividend income aggregating to Rs. 49,12,483/- on shares of EPL and Tata Liquid Fund, which is exempt from tax, EPL is a company listed on the recognized stock exchange. It would have duly paid Dividend Distribution Tax (DDT) on the dividend declared by it. Further, Tata fund would also have discharged DDT liability on dividend distributed by

The assessee has already disallowed Rs. 15,000/- u/s 14A being 1% of the averages of the monthly average of the opening and closing balances of the value of investment. income from which does not form part of total income. It may be noted that average monthly investment of Tata Liquid Fund in Nil.

The details of Rs. 15,000/- disallowed in computation of income are as under:

Particulars	Amount (Rs.)
Opening Balance of investments in EPL as on March, 2018	15,00,000
Closing Balance of investments in EPL as on March , 2019	15,00,000
Average of opening and closing balance	15,00,000
1% of Average monthly investments	**15,000**

9. the Ld. AR further stated that without recorded any proper reason the Ld. AO invoking the provision 14A and disallowed the expenses related to 1% of average monthly investment of Rs.1,32,33,27,240/- which comes amount to Rs.1,32,33,272/-. The assessee suo moto disallowed in the ROI the expenses

amount to Rs.15,000/-. So the balance amount of Rs.1,32,18,272/- is added back with the total income of the assessee. The aggrieved assessee filed an appeal before the Ld. CIT(A). The Ld. CIT(A) has adjudicated the issue which is contained in para no.9.2 of the impugned appellate order which is reproduce as below:

"9.2 Ground No. 2 and 3 (Disallowance of deduction u/s 35AC and 80G):

9.2.1. The AO disallowed the deduction of Rs. 2,00,00,000 claimed under section 35AC and Rs. 2,57,20,278 claimed under section 80G. The sole basis for the disallowance is that these amounts were part of the CSR expenditure, and since CSR expenditure is disallowed under Explanation 2 to Section 37(1) of the Act, no deduction for the same can be claimed under any other provision of the Act. The AO argued that allowing such a claim would defeat the purpose of the CSR disallowance.

9.2.2. I find merit in the appellant's submissions on this issue. The disallowance under Explanation 2 to Section 37(1) is specific to the computation of income under the head "Profits and gains of business or profession". It prevents an assessee from claiming CSR expenditure as a business expense. However, this provision does not contain any wording to suggest that it overrides all other provisions of the Act.

9.2.3. Section 80G is part of Chapter VI-A of the Act, which provides for deductions to be made in computing the total income. This deduction is claimed from the Gross Total Income, which is arrived at after computing income under various heads. Therefore, the mechanism and nature of deduction under section 80G are different and independent from the computation of business income under Chapter IV-D. where section 37 is located. If the legislature intended to disallow CSR-related donations under section 80G, it would have provided a specific exclusion within section 80G itself, as has been done for certain other funds.

9.2.4. Similarly, section 35AC is a specific provision that allows a deduction for expenditure on eligible projects. It does not have any rider that if the expenditure is also CSR-compliant, the deduction would be inadmissible. The Explanatory Memorandum to the Finance (No. 2) Bill, 2014, which introduced the CSR disallowance, itself clarified that "the CSR expenditure which is of the nature described in section 30 to section 36 of the Act shall be allowed deduction under those sections subject to fulfillment of conditions, if any, specified therein." This shows the legislative intent was not to impose a blanket ban.

9.2.5. Moreover, numerous judicial forums including Hon'ble Mumbai ITAT have adjudicated on this issue in favour of the assessee.

9.8. In the present case, the appellant has made a contribution of Rs. 2,00,00,000/-to Bharat LokShikshaParishad, which is a project notified under section 35AC. The appellant has also made donations to various institutions registered under section 80G. The AO has not disputed the genuineness of these payments or the eligibility of the recipient institutions. The disallowance is purely based on a legal interpretation which, as discussed above, is not sustainable.

9.2.6. Therefore, I hold that the appellant is entitled to the deduction under section 35AC and section 80G. The disallowance of Rs. 2,00,00,000/- under section 35AC and Rs. 2,57.20,278/- under section 80G is hereby deleted. These grounds of appeal are allowed."

10. The Ld. CIT(A) restricted the disallowance of expenses to the extent of Rs.49,12,483/- related to the exempted income earned by the assessee during the impugned assessment year. After deducting the suo moto disallowance Rs.15,000/- the balance disallowance Rs.48,97,483/- is sustained addition. Accordingly, the appellate order was passed ex parte.

11. The Ld. AR further contended that the said issue was duly examined by the Coordinate Bench of ITAT, Mumbai in assessee's own case in **ITANo.1475/Mum/2017** A.Y. 2012-13 the date of pronouncement **08.06.2018**. The relevant para no.9 of the order of Tribunal is reproduced as below:

9. At the outset, the Ld. A.R. of the assessee prayed before the Bench that the issue involved may kindly be restored to the file of the AO with a direction to decide the same in the light of the decision of the special bench in the case of ACIT vs. Vireet Investment (P.) Ltd. (2017) 82 taxmann.com 415 (Delhi-Trib.) (SB) because there are several investments which yielded no exempt income during the year and the same should be excluded while computing the disallowance under section 14A.

11. The Ld. DR argued and stands in favor of the order of revenue authorities.

12. We have heard the rival submissions and perused the material available on record. Upon consideration of the factual matrix, we find that the assessee had computed the average monthly investment at Rs.15,00,000/-, and suo motu disallowed 1% thereof amounting to Rs.15,000/- under section 14A of the Act, which was duly reflected in the return of income. During the course of hearing, the Bench sought clarification as to how exempt dividend income of Rs.49,12,483/- was earned against an average investment of Rs.15,00,000/-. In response, the Ld. AR submitted that the investments were carried at historical cost as reflected in the books of account, and no fresh investments were made except in respect of Tata Liquid Fund. It was further explained that such investments were made and liquidated within the same month. The assessee earned total dividend income of Rs.56,81,267/- during the year, out of which Rs.7,68,764/- received from Exfinity Fund was taxable, and the balance amount of Rs.49,12,483/- was claimed as exempt under section 10(34) of the Act. The assessee had determined the investment base by computing the average of monthly investments during the year, which resulted in Rs.15,00,000/-. We observe that the Ld. AO has not recorded any dissatisfaction with regard to the correctness of the assessee's computation. However, the Ld. AO proceeded to recompute the disallowance independently without rejecting the assessee's working. We respectfully follow the decision of the Coordinate Bench of the ITAT, Mumbai in the **assessee's own case** (supra). Further, reliance is also placed on the judgment of the Hon'ble Bombay High Court in **PCIT vs. Tata Capital Ltd. [298 Taxman 714 (Bom.)]**, wherein it has been held that in the absence of proper satisfaction recorded by the Assessing Officer, disallowance under section 14A read with Rule 8D is not sustainable. In view of the above, we hold that the Ld. AO

has arbitrarily computed the disallowance under section 14A of the Act. The Ld. CIT(A), though modifying the disallowance to the extent of exempt dividend income, has also erred in sustaining the addition.

Accordingly, we set aside the impugned appellate order, and the addition of Rs.48,97,483/- sustained by the Ld. CIT(A) is hereby deleted.

13. In the result, the appeal of the assessee bearing **ITA No.6873/Mum/2025** is allowed.

14. In the result, the appeal of the assessee bearing ITA **No.6872 and 6873/Mum/2025** are allowed.

Order pronounced in the open court on 24th day of March 2026.

Sd/- Sd/-

(ARUN KHODPIA) (ANIKESH BANERJEE)
ACCOUNTANT MEMBER JUDICIAL MEMBER
Mumbai,दिनांक/Dated: 24/03/2026
SAUMYA*Sr.PS*

Copy of the Order forwarded to:

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. आयकरआयुक्त CIT
4. विभागीयप्रतिनिधि, आय.अपी.अधि., मुंबई/DR, ITAT, Mumbai
5. गार्डफाइल/Guard file.

BY ORDER,

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(Asstt. Registrar), **ITAT, MUMBAI**