

**आयकर अपीलीय अधिकरण "बी" न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**CHENNAI BENCHES "B" :: CHENNAI**

**BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER**  
**AND**  
**SHRI MANU KUMAR GIRI, JUDICIAL MEMBER**

आयकर अपील सं. / ITA No.3855/CHNY/2025

निर्धारण वर्ष / Assessment Year: 2017-18

Mr. Chandanmal Nagaraj, No.26, Kanniah Naidu Street, Kondithope, Chennai – 600006.	Vs	Asst. Commissioner of Income Tax, Non-Corporate Circle-4(1), Chennai.
PAN: AACPN6711D		
Appellant/ Assessee		Respondent / Revenue

Assessee by	Mr. D.Anand – Advocate
Revenue by	Mr.Shiva Srinivas - CIT
Date of hearing	11/03/2026
Date of pronouncement	30/04/2026

**आदेश/ ORDER**

**PER INTURI RAMA RAO, AM :**

This appeal filed by the Assessee directed against the order of Id.Commissioner of Income Tax(Appeal) Chennai-20, dated 28.11.2025 passed under section 250 of the Income Tax Act, 1961 for the A.Y.2017-18.

2. The Assessee raised the following grounds of appeal :

*“1. The learned Commissioner of Income-tax (Appeals)-20 while allowing the appeal of the assessee for the impugned financial year erred in law in issuing the observation/direction contained in para 6.4, which purports to empower or permit the Assessing Officer to take action for a time-barred assessment year. Such a direction is contrary to the statutory limitation prescribed under Section 150(1) and 150(2) of the Income-tax Act, 1961.*

*2. The learned Commissioner of Income-tax (Appeals)-20 ought to have seen that the impugned direction in para 6.4 is wholly without jurisdiction because Section 150 does not authorize issuance of a direction that revives a limitation period that has already expired on the date of such appellate/ revisional/ adjudicating order. The direction falls foul of Section 150(2), which expressly prohibits reopening where the assessment was already time-barred at the time the order was passed.*

*3. The learned Commissioner of Income-tax (Appeals)-20 failed to appreciate that Section 150 is not an independent charging or reopening provision. It merely lifts the limitation only where the appellate/revisional finding is directly connected with, and necessary for, giving effect to such finding. The direction in para 6.4 does not arise from any finding' or 'direction' as judicially interpreted, but is merely an incidental, general, or collateral remark and hence cannot trigger Section 150(1).*

*4. The learned Commissioner of Income-tax (Appeals)-20 ought to have seen that the impugned direction amounts to an impermissible enlargement of the Assessing Officer's jurisdiction. The appellate authority has no power under Section 150 or any other provision to authorize or validate an*

*otherwise time-barred action, especially when the assessment year to which such action allegedly relates had already become barred by limitation on the date of the impugned order.*

*5. The learned Commissioner of Income-tax (Appeals)-20 failed to appreciate that the limitation provisions under the Income-tax Act are mandatory in nature and cannot be displaced by any administrative or appellate observation. Any reopening beyond the prescribed period is void ab initio, and consequently, the direction contained in para 6.4, being in clear violation of the statutory scheme, is unsustainable and liable to be quashed*

*For these and such other grounds as may be urged at the time of hearing, it is most humbly prayed that the Hon'ble Tribunal may kindly be pleased to expunge the observation and/or direction contained in para 6.4 of the impugned order, as the same is without jurisdiction, contrary to the statutory limitation prescribed under the Income-tax Act, and thus render justice.”*

2. Briefly the facts of the case are that the assessee is an Individual engaged in the business of trading in stainless steel pipes, rods etc, under the name and style of Manoj Metals. The Return of Income for the Assessment Year 2017-18 was filed on 21.03.2018 disclosing total income of Rs.14,37,640/-. Against the said return of income, assessment was completed by ACIT, Non-Corporate Circle-4(1), Chennai (hereinafter called

‘AO’) vide order dated 31.12.2019 passed u/s.143(3) of the Income Tax Act, 1961 at a total income of Rs.7,88,19,828/-. While doing so, the Assessing Officer observed that during the previous year relevant to assessment year under consideration, the appellant made following payment towards purchase of materials :

<i>Ganapathy Trading</i>	-	<i>Rs.95,10,000/-</i>
<i>Rohit Enterprises</i>	-	<i>Rs.2,16,60,000/-</i>
<i>Geet Trading</i>	-	<i>Rs.3,12,36,000/-</i>
<i>Gooluck International</i>	-	<i>Rs.2,17,19,000/-</i>

3. However, it was found by the Assessing Officer that on perusal of purchase register, no purchases were made from the above parties to the extent of Rs.7,73,82,188/- made addition of the same as unexplained expenditure.

4. Being aggrieved by the above assessment order, an appeal was filed before the Id.CIT(A) who vide impugned order allowed the appeal by accepting the submissions of the appellant that the payments to the above parties were made not towards purchases for the current year, but for the purchases of earlier years and the current year purchases were made from the parties of Raj Enterprises, MTC Enterprises and Yogesh Agencies and

Geetha Trading Company. Further, the ld.CIT(A) proceeded to hold that all the impugned payments of the above parties had been made through banking channel and the same had been reflected in the books of accounts of appellant and therefore the question of addition u/s.69C does not arise, accordingly directed the assessing Officer to delete the addition. However, the ld.CIT(A) was of the opinion that the purchases made from the above parties during the previous year relevant to Assessment Year 2016-17 and 2015-16 were not genuine and requires verification and therefore directed the Assessing Officer to reopen assessments for A.Y.2015-16 and A.Y.2016-17 u/s.150 of the Act.

5. Being aggrieved by this part of the order, the appellant is in appeal before us in the present appeal. The ld.Counsel submits that the directions of the ld.CIT(A) to reopen the assessment for the A.Y.2015-16 and A.Y.2016-17 is contrary to the plain provisions of section 150 of the Act as the ld.CIT(A) cannot give a direction to reopen the assessments in respect of those assessment years which had become time barred and in this direction, he relied on the decision of Hon'ble Supreme Court in the case of K.M.Sharma Vs. ITO [2002] 254 ITR 772 (SC), Hon'ble Madras High Court

in the case of CIT Vs. Vellore Technical Corporation Limited 287 ITR 50 and the Hon'ble Bombay High Court in the case of Lotus Investments Ltd., vs. G.Y.Wagh, ACIT & Ors 288 ITR 459 (Bom).

6. On the other hand, the ld.CIT-DR opposed the above submission and submits that the direction of the ld.CIT(A) had no impact for the assessment year consideration, therefore, the appeal is not maintainable.

7. We heard rival submissions and perused the material available on record. The issue that arises for our consideration is with regard to correctness of the finding given by the ld.CIT(A) directing the Assessing Officer to reopen the assessment for the A.Y.2015-16 and A.Y.2016-17 in order to verify the genuineness of purchases made. Undoubtedly, these directions does not pertain to the assessment year under consideration. Therefore, the issue that arises for our consideration is whether the ld.CIT(A) was empowered to give direction which does not relate to the particular assessment year. When appeal relates to a particular assessment year, the findings and direction must necessarily be limited to that particular year. The ld.CIT(A) has no jurisdiction to give direction with regard to the proceedings of the earlier years. In other words, the ld.CIT(A) cannot travel outside the

scope of appeal and purport to give a direction beyond the assessment year under consideration.

8. Therefore, in the light of above findings, we consider it unnecessary to go into validity of the reopening of the assessments for the A.Y.2015-16 and A.Y.2016-17. Therefore, the directions of the Id.CIT(A) contained in this para no.6.4 as “*the AO is directed to reopen the case of the appellant for AY 2015-16 & 2016-17 u/s 150 of the Act to verify the genuineness of the purchases made from the above-mentioned parties during the FY 2014-15 & 2015-16 and if the said transactions is found to be not genuine, the resultant suppressed income may be brought tax accordingly*”. The above direction of Id.CIT(A) are hereby stands expunged.

9. In the result, appeal of the assessee stands allowed in the above terms.

Order pronounced in the open Court on 30<sup>th</sup> April, 2026.

**Sd/-**  
**(MANU KUMAR GIRI)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Chennai; दिनांक / Dated : 30<sup>th</sup> April, 2026  
SGR, Sr.PS

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT Chennai/Madurai/Coimbatore/Salem.
4. विभागीय प्रतिनिधि,आयकर अपीलीय अधिकरण, "बी" बेंच,  
चेन्नई/ DR, ITAT Chennai.
5. गार्ड फ़ाइल / Guard File.