

**IN THE INCOME TAX APPELLATE TRIBUNAL
'SMC' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND
SHRI SOUNDARARAJAN K, JUDICIAL MEMBER**

ITA No. 2688/Bang/2025
Assessment Year: 2015-16

Narendra Vinayak Palmure, B-202, Hoysala Commanders Galleria 2, 3rd Cross Tata Nagar, Near Balamuri Ganesh Temple, VTC : Kodigehalli, Bengaluru – 560 092. PAN – APJPP 5775 P	Vs.	The Income Tax Officer, Ward No. – 5(3)(4), Bengaluru.
APPELLANT		RESPONDENT

Assessee by	:	Shri Ajay R Singh, Advocate
Revenue by	:	Shri Ganesh R Ghale, Standing Counsel for the Dept.

Date of hearing	:	08.06.2026
Date of Pronouncement	:	16.06.2026

ORDER

PER WASEEM AHMED, ACCOUNTANT MEMBER:

The present appeal has been filed by the assessee against the order of the learned CIT(A) passed under section 250 of the Income-tax Act, 1961 ("the Act"), dated 24.09.2025, relating to A.Y. 2015-16.

2. In Ground No. 1, the assessee has challenged the validity of the reassessment framed under section 147 read with section 144 of the Act.

3. In the present case, reassessment proceedings were initiated on the ground that the assessee had not adopted the value determined by the Stamp Valuation Authority (SRO) for the purpose of computing capital gains. However, no addition was ultimately made by the Assessing Officer (AO) on this issue. Instead, the AO made an addition by disallowing the deduction claimed by the assessee under section 54 of the Act.

3.1 The learned Authorised Representative (AR) submitted that once the issue for which reassessment proceedings were initiated does not result in any addition, no addition can be made on any other issue. In support of this contention, reliance was placed on the judgment of the Hon'ble Bombay High Court in the case of CIT vs. Jet Airways (I) Ltd. reported in 331 ITR 236.

3.2 On the other hand, the learned Departmental Representative (DR) strongly supported the orders of the lower authorities.

4. We have heard the rival submissions of both the parties and perused the materials available on record. The Hon'ble Bombay High Court in the case of CIT vs. Jet Airways (I) Ltd. (supra) held as under:

17. We have approached the issue of interpretation that has arisen for decision in these appeals, both as a matter of first principle, based on the language used in section 147(1) and on the basis of the precedent on the subject. We agree with the submission which has been urged on behalf of the assessee that section 147(1) as it stands postulates that upon the formation of a reason to believe that income chargeable to tax has escaped assessment for any assessment year, the Assessing Officer may assess or reassess such income "and also" any other income chargeable to tax which comes to his notice subsequently during the proceedings as having escaped assessment. The words "and also" are used in a cumulative and conjunctive sense. To read these words as being in the alternative would be to rewrite the language used by Parliament. Our view has been supported by the background which led to the insertion of Explanation 3 to section 147. Parliament must be regarded as being aware of the interpretation that was placed on the words "and also" by the Rajasthan High Court in Shri Ram Singh's case (supra). Parliament has not taken away the basis of that

decision. While it is open to Parliament, having regard to the plenitude of its legislative powers to do so, the provisions of section 147(1) as they stood after the amendment of 1-4-1989 continue to hold the field.

18. In that view of the matter and for the reasons that we have indicated, we do not regard the decision of the Tribunal in the present case as being in error. The question of law shall, accordingly, stand answered against the revenue and in favour of the assessee. The appeal is, accordingly, dismissed. There shall be no order as to costs.

4.1 A reading of the aforesaid judgment makes it clear that where reassessment proceedings are initiated for a particular item of income escaping assessment, the AO must make an addition on that issue. If no addition is ultimately made on the very reason for which jurisdiction under section 147 of the Act was assumed, then no other addition can be sustained in the reassessment order.

4.2 In the facts of the present case, there is no dispute that the reassessment proceedings were initiated on account of the difference between the sale consideration adopted for stamp duty purposes and the consideration disclosed by the assessee. However, no addition was made by the AO on this issue in the reassessment order. The addition was made only by disallowing the deduction claimed under section 54 of the Act which was not the subject matter of reassessment. In our considered view, once the very basis for reopening the assessment fails and no addition is made on the issue recorded in the reasons for reopening, the reassessment cannot be sustained with respect to any other addition. Respectfully following the ratio laid down by the Hon'ble Bombay High Court in the case of Jet Airways (I) Ltd. (supra), we hold that the addition made by the AO is not sustainable in law. Accordingly, the same is directed to be deleted. Thus, the legal ground raised by the assessee is allowed.

4.3 Since the assessee succeeds on the preliminary legal issue, we do not consider it necessary to adjudicate the other grounds raised on merits. The remaining grounds are therefore rendered infructuous and are dismissed as such.

5. In the result, the appeal filed by the assessee is hereby partly allowed.

Order pronounced in court on 16th day of June, 2026

Sd/-

(SOUNDARARAJAN K)

Judicial
Member

Sd/-

(WASEEM AHMED)

Accountant Member

Bangalore

Dated, 16th June, 2026

/ vms /

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore