

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

R/SPECIAL CIVIL APPLICATION NO. 3180 of 2026

FOR APPROVAL AND SIGNATURE:

HONOURABLE MR. JUSTICE A.S. SUPEHIA
and
HONOURABLE MR. JUSTICE PRANAV TRIVEDI

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Approved for Reporting	Yes	No
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NEWTURN AUTOMATION PRIVATE LIMITED

Versus

INCOME TAX OFFICER, WARD NO. 3(1)(1), AHMEDABAD

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Appearance:

MR MANISH BHATT SENIOR ADVOCATE with VIJAY H PATEL(7361) for the
Petitioner(s) No. 1

AADITYA D BHATT(8580) for the Respondent(s) No. 1

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CORAM:HONOURABLE MR. JUSTICE A.S. SUPEHIA
and
HONOURABLE MR. JUSTICE PRANAV TRIVEDI

Date : 24/03/2026

ORAL JUDGMENT

(PER : HONOURABLE MR. JUSTICE PRANAV TRIVEDI)

1. Learned Senior Standing Counsel Mr. Aaditya Bhatt appearing for the respondent has tendered the affidavit-in-reply. The same is taken on record.

2. Heard learned Senior Advocate Mr. Manish Bhatt assisted by learned advocate Mr. Vijay H. Patel for the petitioner and learned Senior Standing Counsel Mr. Aaditya Bhatt for the respondent.

3. Rule returnable forthwith. Learned Senior Standing Counsel Mr. Aaditya Bhatt waives service of notice on behalf of the respondent.

4. By way of this petition under Article 226 of the Constitution of India, the petitioner has prayed for a direction to quash and set aside the impugned order dated 27.08.2024 passed under Section 148A(d) of the Income Tax Act, 1971 (for short "the Act"), the impugned notice dated 27.08.2024 passed under Section 148 of the Act as well as the Assessment Order dated 18.02.2026 passed under Section 147 of the Act read with Section 144B of the Act.

5. The brief facts leading to filing of the present writ petition is that the petitioner is a Company incorporated under the provisions of the Companies Act, 2013 and is *inter alia* into the business of trading and marketing of parking lift, boom barriers and gate automation. The petitioner filed its return of income under Section 139(1) of the Act declaring total income of Rs.55,64,410/- qua the Assessment Year 2018-19. Subsequent to the filing of the return of income, the case of the petitioner was flagged on insight portal and therefore, the petitioner was served with the notice under Section 148A(b) of the Act for the Assessment Year under consideration. The petitioner was called upon to explain as to why notice under Section 148 of the Act should not be issued against the petitioner.

5.1. It is the case of the petitioner that the petitioner immediately responded to the notice by way of reply dated 02.08.2024 demanding details as relied upon by the respondent authority as well as by submitting the computation of income and bank statements. The details as demanded by the petitioner were supplied to the petitioner on 16.08.2024. However, the respondent authority passed the impugned order under Section 148A(d) of the Act on 27.08.2024.

4.2. It is the case of the petitioner that the subsequent to the order under Section 148a(d) of the Act, the respondent issued notice under Section 143(2) of the Act on 19.06.2025 and thereafter the petitioner was served with the notice under Section 142(1) of the Act on 03.09.2025

calling upon the petitioner to submit its financial records. Thereafter a final show cause notice was issued on 23.01.2026 to which the petitioner filed its reply on 01.02.2026. The Assessment Order under Section 147 of the Act read with Section 144B of the Act was passed on 18.02.2026 which is now impugned in the present writ petition.

6. Learned Senior Advocate Mr. Manish Bhatt assisted by learned advocate Mr. Vijay Patel for the petitioner has submitted that the impugned Assessment Order dated 18.02.2026 passed under Section 147 of the Act read with Section 144B of the Act is perverse and the same is required to be quashed and set aside inasmuch as it is passed on a completely new ground which was not a part of the information on the basis of which the notice of escapement was issued. The impugned Assessment Order dated 18.02.2026 is completely perverse as only the credit entries were taken into account and the respondent completely ignored the debit entries in the bank account. It was further submitted by learned Senior Advocate Mr. Bhatt that the respondent failed to consider that the said amount are sales of the petitioner Company which is already disclosed in the financial statement.

6.1. It was further submitted by the learned Senior Advocate Mr. Bhatt that the petitioner has an alternative remedy by way of filing an appeal before the Commissioner of Income Tax (Appeals) (CIT for short), however the same is not equally efficacious alternative and speedy remedy and the assessment is totally on new ground and no other grounds on which the assessment was reopened. It was further submitted by learned Senior Advocate Mr. Bhatt that the impugned notice under Section 148 of the Act as well as the impugned Assessment Order under Section 148A(d) of the Act are bad *inasmuch* as the notice and order are issued without any basis and escapement of income. The tenor of notice clearly goes to show that the respondent was making inquiry and there was no complete inquiry for assessment. In wake of such submissions, learned Senior Advocate Mr.

Bhatt has prayed to grant the prayers made in the present writ petition.

7. *Per contra*, learned Senior Standing Counsel Mr. Bhatt for the respondent has relied upon the affidavit-in-reply and has submitted that there was a preliminary objection of maintainability of the petition due to existence of statutory alternative remedy of preferring an appeal under Section 246A of the Act before the CIT (Appeals). It was further submitted by learned Senior Standing Counsel Mr. Aaditya Bhatt that the Assessing Officer has categorically observed that the assessee has not furnished sales invoices, details of opening debtors realized during the year or documentary evidence to substantiate the specific credits represent advances received against the future sales and the year in which such advances were subsequently adjusted against revenue. Therefore, the order passed under Section 148A(d) of the Act as well as notice under Section 148 of the Act and Assessment Order passed under Section 147 read with Section 144B of the Act are not required to be interfered with.

8. Having heard the learned advocates appearing for the respective parties and having perused the material on record, the primary issue for consideration is with regard to the credit entries in the bank account. It is true that the petitioner has efficacious remedy by way of preferring an appeal under Section 246A of the Act. However, what needs to be perused is that the Assessing Officer has categorically recorded that the petitioner had submitted total receipts of Rs.18,63,79,145/- credited to the bank account, and the same includes the receipts from outstanding debtors as on 31.03.2017 and the receipts against sales made during the Financial Year 2017-18. It is also an undisputed fact that the sales to the extent of Rs.11,66,46,658/- have already been accounted for as revenue from operations during the Financial Year 2017-18, and the same were reflected in the audit report and same has been offered to tax. However, the Assessing Officer has observed that merely furnishing a copy of the audit report reflecting aggregate sales does not establish a direct nexus between

the individual bank credits and the sale recorded in the books of account and hence, the amount of Rs.14,63,05,743 (26,29,52,401 - 1,66,46,658) are treated as unexplained cash credits in the bank account under the provision of Section 68 of the Act. The observation made by the Assessing Officer that the assessee explained that the income has been indirectly offered to tax does not dispense with the statutory requirement unexplained credits and cannot be termed as a reason on which the Assessing Officer has invoked the provision of Section 68 of the Act wherein the same amount has been offered and shown in the audit report. The Assessing Officer has not showcase single reason as to why such amount is treated as unexplained credit under the provision of Section 68 of the Act. As a matter of fact, the Assessing Officer has gone into by taking all the credit entries of bank account as unexplained credit. The Assessing Officer was required to give proper reason for treating the credit entries in question as cash credit under the provision of Section 68 read with Section 115 BBE of the Act. By merely observing that the credit entries which are offered to tax would be unexplained cash credit as the assessee has failed to satisfactorily explain the nature and source of each credit entry would make the Assessment Order an unreasoned order.

9. In view of the above, the petition is partly allowed. The impugned Assessment Order dated 18.02.2026 passed under Section 147 of the Act is quashed and set aside. The matter is remanded to the Assessing Officer for considering afresh and pass a fresh order under Section 147 read with Section 144B of the Act within a period of **twelve weeks** from the date of receipt of copy of this order. Rule is made absolute to the aforesaid extent. No order as to costs.

(A. S. SUPEHIA, J)

(PRANAV TRIVEDI, J)

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