

Principal Commissioner of Income Tax-4, New Delhi v. NTPC Ltd.

ITA 89/2026

ITA 89/2026 (CNR: DLHC011320362024) (Delhi HC, decided 2026-09-07) | 2026-09-07

Invalidity of reassessment proceedings under Sections 147/148 for AY 2007-08 as a mere 'change of opinion' where the assessee had specifically replied on 24.02.2009 to queries nos. 7 and 8 during scrutiny assessment regarding Oil & Gas exploration expenses (Rs. 7.70 crore) and preliminary expenses (Rs. 9.89 crore).

Income-tax Act, 1961: sections 35D, 42, 143(3), 147, 148, 260A

High Court of Delhi | 2-judge bench (Division Bench) | Justice Dinesh Mehta | Justice Rajneesh Kumar Gupta

Assessment years: 2007-08

Specific scrutiny replies dated 24.02.2009 proved inquiry even without discussion in original assessment order

The Court rejected the Revenue's contention that no query had been asked because the CIT(A) verified that NTPC's letter dated 24.02.2009 answered Query Nos. 7 and 8 on the exact issues later reopened.

01 FACTS OF THE CASE

For AY 2007-08, scrutiny assessment was completed and a subsequent notice under Section 148 was issued on 23.03.2012 culminating in a reassessment order dated 28.03.2013 making additions of Rs. 7,70,00,000/- (Oil and Gas Exploration expenses) and Rs. 9,89,12,000/- (preliminary expenses). The CIT(A) on 25.09.2014 and the ITAT on 14.02.2024 annulled the reassessment as based on a mere change of opinion.

Source: [PDF pp. 1-3, paras 1-8](#)

02 DISCUSSION BY THE HON'BLE COURT

The Revenue argued that the predecessor AO's order dated 27.02.2009 suffered from legal infirmity and did not explicitly record the queries asked. The Division Bench observed from paragraph 4.2 of the CIT(A)'s order that the assessee had filed a detailed reply dated 24.02.2009 answering Query Nos. 7 and 8 regarding the very issues on which reassessment was later initiated. Had no query been raised by the AO, the assessee would have had no occasion to file that specific reply. Once the AO was satisfied with the assessee's explanation during scrutiny and chose not to make an addition, a successor AO could not initiate reassessment on the same material.

Source: [PDF pp. 3-5, paras 9-17](#)

03 JUDICIAL DECISION

Holding that both the CIT(A) and the ITAT were fully justified in annulling the reassessment proceedings, the High Court rejected the Revenue's appeal.

Source: [PDF p. 5, paras 17-18](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee - Revenue appeal rejected; annulment of Section 147/148 reassessment for AY 2007-08 upheld.

Source: [PDF p. 5, para 18](#)

05 AKHB REVIEW POINT

Where an assessee's written reply during original scrutiny assessment specifically answers numbered queries on an expenditure item, the fact that the original assessment order does not reproduce the query or discuss the allowance does not permit a successor AO to reopen the assessment under Section 147.

Source: [AKHB analysis based on PDF pp. 3-5](#)

SOURCE & VERIFICATION

[High Court of Delhi official judgment PDF - AKHB Repository \(DLHC011320362024_1_2026-09-07.pdf\)](#)

5-page official High Court of Delhi judgment PDF (DLHC011320362024_1_2026-09-07.pdf, 608,842 bytes).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

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STATUTORY SCOPE

Applies Sections 143(3), 147, and 148 of the Income-tax Act, 1961 for AY 2007-08. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-18. Full 5-page primary judgment PDF text read and verified page-by-page. Reaffirms the 'change of opinion' bar under CIT v. Kelvinator of India Ltd. (2010) 320 ITR 561 (SC).

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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