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

ITA 89/2026

2026:DHC:7613-DB; ITA 89/2026; CNR DLHC011320362024 | 2026-09-07

Reassessment annulled as change of opinion: scrutiny replies covered all three recorded reasons, notwithstanding omission of the questions from the CIT(A) order.

Income-tax Act, 1961: sections 143(3), 147, 148

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

Assessment years: 2007-08

Three recorded reasons; source chronology and amount discrepancies

The recorded reasons also addressed prior-period income. Paragraph 2 gives 31 October 2007 as the scrutiny date, whereas paragraph 5 and the quoted reasons give 27 February 2009. The note preserves this discrepancy.

01 FACTS OF THE CASE

For AY 2007-08, notice under section 148 dated 23 March 2012 led to reassessment on 28 March 2013. Paragraph 3 identifies oil-and-gas exploration expenses of Rs. 7.70 crore and preliminary expenses of Rs. 9,89,12,000. The quoted reopening reasons also address prior-period income and propose disallowing Rs. 7,91,29,600 of the preliminary-expense debit. CIT(A) annulled reassessment on 25 September 2014; the Tribunal upheld that result on 14 February 2024.

Source: PDF pp. 1-4, paras 1-4 and 11

02 DISCUSSION BY THE HON'BLE COURT

Reading the reasons, the Court found that the successor AO merely disagreed with the predecessor. CIT(A) had recorded NTPC's reply dated 24 February 2009 to queries 7 and 8 covering all three reopening reasons. Failure to reproduce the corresponding questions in the CIT(A) order did not establish that no enquiry occurred. The specific reply supported the finding that the AO had considered it, was satisfied, and chose not to add the items.

Source: PDF pp. 4-5, paras 12-16

03 JUDICIAL DECISION

The Court held both appellate authorities justified in annulling reassessment and found no error in their orders. Revenue's appeal was rejected.

Source: PDF p. 5, paras 17-18

04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeded on the validity of reopening. The Court did not independently decide whether exploration expenses were capital or revenue, how preliminary expenses should be deducted, or the substantive treatment of prior-period income.

Source: PDF pp. 4-5, paras 12-18

05 EXPERT COMMENTS

Use the enquiry record, not silence in an order — The evidential chain is specific: numbered queries, a dated reply and CIT(A)'s recorded finding that the reply addressed all three reasons. Paragraph 14 concerns questions omitted from the CIT(A) order, not merely a silent original assessment order. This distinction matters when assembling comparable evidence; the judgment does not presume enquiry solely because scrutiny occurred.

Distinguish reopening reasons from final additions — The reasons contain a third issue, prior-period income, omitted from the earlier note. They also distinguish a Rs. 9,89,12,000 preliminary-expense debit from a proposed Rs. 7,91,29,600 disallowance after one-fifth allowance. Those figures describe different stages and should not be collapsed. The validity ruling addresses the successor's reconsideration of previously examined matters.

Jurisdictional success is not a deduction ruling — Revenue argued that the predecessor's treatment was legally infirm; the Court rejected reopening founded on disagreement after satisfactory enquiry. It did not approve a general deduction rule for exploration or preliminary expenses. Sections 35D and 42 and a named Kelvinator citation do not appear in this judgment and should not be represented as its express authorities.

Disclose inconsistencies rather than repair the source silently — The original-assessment date differs between paragraph 2 and the quoted reasons. The reasons also alternate Rs. 20.20 crore and Rs. 20.50 crore for prior-period income. Neither discrepancy is resolved here. For precise assessment chronology or computation, obtain the underlying orders rather than infer corrected figures from this short appellate judgment.

Source: Editorial analysis; source references in the structured comments

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).

All 5 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

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 2026-10-21. Subsequent treatment not independently verified.

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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