Principal Commissioner of Income Tax v. Kamraz Rural Bank

ITA 2/2018

ITA 2/2018 (2026-04-16) | 2026-04-16

Kamraz Rural Bank: Rule 46A safeguards require reasoned admission and AO opportunity; appeal remanded.

260A | 194A | 40(a)(ia) | 143(1)(a) | 143(2)

High Court of Jammu and Kashmir and Ladakh | Division Bench | Justice Sanjeev Kumar | Justice Sanjay Parihar

Assessment years: 2006-07

Scope of this order

Revenue obtained remand on procedure; the bank retained interim protection. The final interest disallowance was left for fresh decision.

01 FACTS OF THE CASE

The AO disallowed Rs.7,96,80,000 term-deposit interest for alleged TDS failure in AY 2006–07. New appellate documents led CIT(A) to restrict the addition to Rs.24,18,596. Revenue challenged acceptance of that evidence without recorded admission reasons or an opportunity for the AO to examine and rebut it.

Source: PDF p. 2

02 DISCUSSION BY THE HON'BLE COURT

The Court held Rule 46A's written-reasons and AO-opportunity safeguards mandatory. Although ITAT mentioned a remand report, the Court found no supporting CIT(A) order or reflection in its final decision, and Revenue specifically denied such a reference on affidavit. Both procedural deficiencies required reconsideration.

Source: PDF p. 5

03 JUDICIAL DECISION

Revenue's appeal was allowed; the Tribunal and 28 March 2017 CIT(A) orders were set aside. CIT(A) must first decide additional-evidence admission by a speaking order and, if admitted, give the AO opportunity to examine and rebut it. No coercive action was permitted until reconsideration and a fresh order.

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04 OUTCOME / IN WHOSE FAVOUR

Revenue obtained remand on procedure; the bank retained interim protection. The final interest disallowance was left for fresh decision.

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05 EXPERT COMMENTS

Admission and rebuttal are separate safeguards — A reasoned order showing a Rule 46A(1) circumstance addresses admissibility. A meaningful AO opportunity under sub-rule 3 addresses examination and rebuttal. Satisfying one does not dispense with the other.

A remand-report assertion needs a record — The Court tested ITAT's reference against the CIT(A) record and Revenue's affidavit. The note should not state that a report was actually obtained merely because the Tribunal had mentioned one.

Do not treat remand as restoration of the full addition — The Court directed a fresh evidence process and restrained coercive action until a fresh order. It did not finally choose between Rs.7,96,80,000 and Rs.24,18,596.

Disclose the conflicting Tribunal dates — Paragraph 1 identifies the ITAT order as 29 May 2018, while paragraph 16 calls it 20 October 2018. This source inconsistency is retained explicitly rather than silently selecting a date as definitively correct.

Source: PDF p. 6

SOURCE & VERIFICATION

High Court of Jammu and Kashmir and Ladakh official judgment PDF - AKHB Repository (20260416_JKHC010076372018.pdf)

Complete 6-page court PDF read for this correction.

Complete source text and every original page visually reviewed; identity and SHA-256 checked. AI-assisted source analysis.

Open cited source rendition

All 6 physical source pages read and visually inspected. SHA-256: beca7dfea335bbba86186607d003fa97929277ad00bcdafd0a9d6b9ad986d83d.

STATUTORY SCOPE

The controlling analysis is Rule 46A(1)–(3). The source discusses the historical Rs.10,000 interest threshold for AY 2006–07, not a current threshold. Rule 46A(4) is reproduced but not an independent basis for sustaining the impugned admission.

LATER TREATMENT

Source checked 2026-10-21. Subsequent judicial treatment has not been 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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