Principal Commissioner of Income Tax, Madurai v. Chokkalingam Thangavel

T.C.A. No. 38 of 2026

T.C.A. No. 38 of 2026 (Mad HC, decided 12.06.2026) | 2026-06-12

Reassessment sanction: section 148 notice beyond three years invalid without approval of the appropriate higher authority.

Income-tax Act, 1961: sections 144B, 147, 148, 148A, 149, 151 and 260A

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Sushrut Arvind Dharmadhikari, CJ. | G. Arul Murugan, J.

Assessment years: 2018-19

Jurisdictional relief; corrected factual record

The judgment concerns ITAT Chennai A Bench, 25 July 2025, ITA 577/Chny/2025. The source records a return of Rs.4,84,500 filed in response to notice and assessed income of Rs.1,44,90,260. It does not decide the underlying deposits on their merits.

01 FACTS OF THE CASE

Chokkalingam Thangavel, a vehicle-loan distribution agent, had not initially filed a return for AY 2018–19, stating that his income was within the threshold. Information about cash deposits and withdrawals led to a section 148A(b) notice on 21 March 2022, a section 148A(d) order on 6 April 2022 and a section 148 notice on 7 April 2022. Approval was obtained from PCIT Madurai-1. In response, he returned Rs.4,84,500; the AO assessed Rs.1,44,90,260 under section 147 read with section 144B. The CIT(A) rejected his appeal, but ITAT Chennai A Bench allowed it on 25 July 2025 in ITA 577/Chny/2025 for defective sanction.

Source: Own paras.1–3,6; PDF pp.1–4

02 DISCUSSION BY THE HON'BLE COURT

Revenue argued that the response period and time for the section 148A(d) order extended into April, and also asserted an exception to the CBDT appeal monetary limit. The Court focused on the separate sanction requirement: the section 148 notice for AY 2018–19 was issued beyond three years without the appropriate higher authority's approval. The Tribunal had followed the single-judge decision in Core Logistic Company, W.P.18168/2023, dated 5 June 2025. The Court reproduced its section 151 reasoning and found no infirmity in the Tribunal's conclusion. The quoted precedent's amount and notice date belong to that other case.

Source: Own paras.4–9; PDF pp.3–7

03 JUDICIAL DECISION

The Court found no error warranting interference and no substantial question of law. It dismissed Revenue's tax case appeal, leaving the Tribunal's invalidation of the notice undisturbed. The operative paragraph does not separately award costs or formally answer framed questions.

Source: Own para.9; PDF p.7

04 OUTCOME / IN WHOSE FAVOUR

The assessee retained the jurisdictional relief granted by the Tribunal for want of approval from the appropriate authority. The dismissal did not establish that the cash transactions were explained or that the returned income was substantively correct.

Source: Own paras.3,6–9; PDF pp.3–7

05 EXPERT COMMENTS

Test the notice and sanction together — The relevant sequence crossed the three-year boundary: the preliminary notice was in March, but the section 148 notice followed in April. Build the chronology from the actual notices, order and approval record. An earlier procedural step cannot by itself establish that the approving officer for the later jurisdictional notice was competent.

Separate time to respond from authority to approve — Revenue's response-period argument did not answer the sanction defect accepted by the Court. In a comparable file, examine the deadline and the designated sanctioning authority as distinct conditions. Do not assume that an order passed within its procedural time automatically satisfies every jurisdictional requirement, or that this judgment decides all limitation questions.

Preserve the limited effect of the relief — The assessee had failed to explain transactions satisfactorily to the AO, yet the Tribunal allowed the jurisdictional challenge. Keep that distinction clear in advice and pleadings: invalid initiation is not a judicial finding accepting the deposits. The Court did not undertake a fresh quantum assessment or decide the correctness of the return on evidence.

Use the actual precedent and statutory version — The source identifies Core Logistic as a single-judge decision and quotes its reasoning; it does not cite Rajeev Bansal or Ramachandran Shivan. Check the applicable section 151 text and any later treatment before extending this result to a different notice. The quoted precedent's Rs.3,65,09,748 and July notice must not be transplanted into this assessee's facts.

Source: Editorial analysis; own paras.2–9; PDF pp.2–7

SOURCE & VERIFICATION

Madras High Court official judgment PDF - AKHB Cloud Repository

Eight-page judgment; own paragraphs 1–9 on PDF pages 2–7; quoted Core Logistic paragraphs are separately numbered.

All 8 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 the sanction provisions examined for the 7 April 2022 notice relating to AY 2018–19. Current statutory versions and subsequent treatment are 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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