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## Tax Digest

- Recent case laws

June 15, 2026

### Central Government approves 'Ramakrishna Mission Vidyamandira' under Section 45 of the Income-tax Act, 2025

[Notification No. 66/2026-CBDT / S.O. 2749(E) dated May 30, 2026]

The Central Government has approved 'Ramakrishna Mission Vidyamandira' (under Ramakrishna Mission, Belur Math, Howrah) for Scientific Research as a University, college, or other institution. Issued under Section 45(4)(b) for the purposes of Section 45(3)(a)(i) of the Income-tax Act, 2025, read with Rules 32 and 34 of the Income-tax Rules, 2026, this approval applies to tax years 2026-2027 to 2030-2031. The institution must comply with Rule 34, electronically file its annual statement of donations in Form No. 15 on or before 31st May following each tax year, and issue certificates in Form No. 16 to its donors.

### **1. Reassessment Invalid Where Additions Are Made on Issues Unrelated to Reasons Recorded for Reopening**

In the instant case<sup>1</sup>, the assessee was subjected to reassessment proceedings on the ground that income had escaped assessment in relation to alleged turnover and profit thereon. The Assessing Officer proposed to estimate profit on the alleged turnover and make consequential additions under section 69. However, while completing the reassessment, the Assessing Officer made additions towards initial investment and share purchases instead of the issue forming the basis of reopening.

Aggrieved by the reassessment order, the assessee preferred an appeal before the Hon'ble Tribunal contending that the reassessment proceedings were not sustainable in law since no addition had been made on the issue for which the assessment was reopened.

The Hon'ble Tribunal observed that the reassessment proceedings had been initiated for estimating profit on the alleged turnover and making consequential additions. However, while framing the reassessment order, the Assessing Officer made additions on entirely different issues without making any addition in respect of the issue forming the basis of reopening. It was further observed that the Assessing Officer had thus deviated from the reasons recorded for reopening the assessment.

Accordingly, the Hon'ble Tribunal held that once no addition was made on the issue for which the assessment was reopened, the very basis of the reassessment proceedings ceased to survive. Consequently, the reassessment order was quashed. Since the penalty proceedings were

consequential to the reassessment proceedings, the same were also deleted.

### **2. Matter Remanded Where Assessee Was Not Given Effective Opportunity to Explain Source of Investments**

In the instant case<sup>2</sup>, the assessee, a non-resident Indian (NRI) residing in the USA, was subjected to reassessment proceedings based on information relating to time deposits, purchase of foreign currency and interest credited to his bank account. Since the assessee failed to respond to the notices issued during the reassessment proceedings, the Assessing Officer completed the assessment ex parte under section 144 and treated the investments in time deposits and purchase of foreign currency as unexplained investments under section 69. The interest credited in the bank account was also treated as unexplained cash credit.

Aggrieved by the assessment order, the assessee preferred an appeal before the Hon'ble Tribunal contending that due to bona fide reasons, he could not effectively participate in the assessment proceedings and furnish the necessary explanations before the Assessing Officer.

The Hon'ble Tribunal observed that the assessee had failed to respond to various notices issued during the assessment proceedings and had also not raised any substantive objections on the merits of the additions before the Dispute Resolution Panel (DRP). Accordingly, the Assessing Officer was justified in proceeding ex parte and the DRP was justified in rejecting the technical objections raised by the assessee. However, the Hon'ble Tribunal further observed that the assessee had not been able to explain the source of the investments made

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<sup>1</sup> [Kavita Pahuja v. Income-tax Officer \[2026\] 187 taxmann.com 289 \(Delhi - Trib.\)](#)

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<sup>2</sup> [Sonepal Singh Kohli v. Income-tax Officer \(Int-Tax\) \[2026\] 187 taxmann.com 326 \(Mumbai - Trib.\)](#)

in time deposits and purchase of foreign currency either before the Assessing Officer or before the DRP.

Accordingly, in the interest of justice, the Hon'ble Tribunal set aside the assessment order and restored the matter to the file of the Assessing Officer for de novo adjudication after providing a reasonable opportunity of being heard to the assessee and considering the explanations and evidences that may be furnished in support of the impugned transactions.

### **3. Reassessment Proceedings Cannot Survive Beyond the Available Limitation Period**

In the instant case<sup>3</sup>, the assessee challenged the order passed under section 148A(d), the notice issued under section 148 and the consequential reassessment proceedings on the ground that the same were barred by limitation. The original notice under section 148 had been issued during the extended period available under the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (TOLA) and was subsequently required to be treated as a notice under section 148A(b).

Aggrieved by the same, the assessee filed a writ petition before the Hon'ble Gujarat High Court.

The Hon'ble High Court observed that pursuant to the directions of the Hon'ble Supreme Court, reassessment proceedings initiated on the basis of notices issued during the TOLA period could continue only if the notice under section 148 under the new regime was issued within the surviving period of limitation available under the Act. It was further observed that in the present case, the surviving period available to the Revenue had

expired on 16.06.2022. However, the order under section 148A(d) and the consequential notice under section 148 were issued only on 29.07.2022.

The Hon'ble High Court held that once the surviving limitation period had expired, the Revenue lost the authority to proceed with the reassessment proceedings. Accordingly, the notice issued under section 148 beyond such limitation period was invalid and unsustainable in law.

Accordingly, the Hon'ble High Court quashed the order passed under section 148A(d), the notice issued under section 148 and all consequential reassessment proceedings.

### **4. Subsidy Granted for Capital Investment in Plant and Machinery Held to Be Capital Receipt**

In the instant case<sup>4</sup>, the assessee received a subsidy of ₹30 lakh under the Central Capital Investment Subsidy Scheme, 2003, in respect of investment made in plant and machinery for its industrial unit in Uttarakhand. The assessee treated the subsidy as a capital receipt and reduced the same from the cost of plant and machinery while claiming depreciation. However, the Assessing Officer treated the subsidy as a revenue receipt on the ground that it was granted for generation of employment and, therefore, represented a taxable receipt. The CIT(A) upheld the action of the Assessing Officer.

Aggrieved by the same, the assessee preferred an appeal before the Hon'ble Tribunal contending that the subsidy was linked to investment in plant and machinery and was granted for setting up or expansion of industrial units in notified areas.

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<sup>3</sup> [Hina Prakash Shah v. Income-tax Officer \[2026\] 187 taxmann.com 401 \(High Court of Gujarat\)](https://www.taxmann.com/401/Hina-Prakash-Shah-v.-Income-tax-Officer-2026-187)

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<sup>4</sup> [Huhtamaki India Ltd. v. Deputy Commissioner of Income-tax \[2026\] 186 taxmann.com 723 \(Mumbai - Trib.\)](https://www.taxmann.com/723/Huhtamaki-India-Ltd.-v.-Deputy-Commissioner-of-Income-tax-2026-186)

The Hon'ble Tribunal observed that the nature of a subsidy is required to be determined by applying the 'purpose test'. It was noted that the subsidy was granted at a specified percentage of the investment made in plant and machinery and was available for setting up a new industrial unit or substantial expansion of an existing unit. The Hon'ble Tribunal further observed that the subsidy was intended to encourage capital investment and industrial development and was not meant to supplement profits or reimburse operational expenditure.

Accordingly, the Hon'ble Tribunal held that the subsidy was capital in nature, being linked to investment in capital assets and expansion of industrial activity. Therefore, the subsidy was not chargeable to tax and the addition made by the Assessing Officer was deleted.

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