IN THE HIGH COURT OF JUDICATURE AT BOMBAY
NAGPUR BENCH, NAGPUR.

INCOME TAX APPEAL NO. 3 OF 2023

(Pramod Agrawal HUF, through its Karta Shri Pramod Agrawal Vs. The Pr. Commissioner of Income Tax – 2, Nagpur)

Office Notes, Office Memoranda of Coram, appearances, Court's orders of directions and Registrar's Orders.	Court's or Judge's orders.

Mr. Kapil Hirani, Counsel for the appellant.
Mr. Anand Parchure, Counsel for the respondent.

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CORAM : ANIL L. PANSARE AND
M.M. NERLIKAR, JJ.
AUGUST 22, 2025

Challenge is to the order passed by the Principal Commissioner of Income Tax – 2, Nagpur (P.C.I.T.), under Section 263 of the Income-tax Act, 1961 (for short “Income-tax Act”).

2] The learned Counsel for the appellant submits that notice under Section 142(1) of the Income-tax Act was issued on 2/7/2018 by the Assessing Officer calling upon the appellant to furnish, amongst others, details of shares of ‘Nouveau Global Ventures Limited’ mentioning actual purchase and mode of purchase of shares with supportive documents.

3] In response, the appellant furnished the documents.

4] Accordingly, the assessment order was passed on 24/12/2018 saying that return income of the assessee is accepted. The order also indicates that the relevant aspects were duly verified.

5] The learned Counsel for the appellant submits that, thereafter, Revenue Audit Party (R.A.P.)

raised an audit objection saying that the trading made by the appellant, as regards penny stock of 'Nouveau Global Ventures Limited', was not duly examined, test checked and verified during the course of assessment.

6] Accordingly, the P.C.I.T. issued a notice of hearing dated 21/1/2021 saying that the order passed by the Assessing Officer was erroneous and prejudicial to the interest of Revenue – Income Tax Department.

7] The argument is that once the Assessing Officer has certified that return income is accepted, that too, after verification of the relevant documents, merely on the basis of an audit objection, inference of erroneous and prejudicial order could not have been drawn. He submits that the Assessing Officer had duly examined, test checked and verified the documents and, therefore, the order passed by the P.C.I.T. is erroneous.

8] This order was tested before the Income Tax Appellate Tribunal – Appellate Authority, who failed to consider this vital aspect and proceeded to pass the impugned order.

9] Issue notice to the respondent returnable on 26/9/2025.

10] Mr. Anand Parchure, learned Counsel, waives notice for the respondent.

(JUDGE) **(JUDGE)**

Sumit

Signed by: Mr. Sumit Agrawal
Designation: PS To Honourable Judge
Date: 22/08/2025 17:04:37