

## **CORPORATE TAX UPDATE**

**Delhi ITAT held Final assessment order passed after DRP's dismissal of Assessee's objection on limitation, devoid of jurisdiction**



**Delhi ITAT quashed AO final order u/s**  
**144C(13) as devoid of jurisdiction**

In a significant ruling, the Income Tax Appellate Tribunal (ITAT) in Delhi, has delivered a judgment that underscores the importance of adhering to statutory timelines in tax proceedings.

In the case, Ares Diversified, the Revenue initiated reassessment proceedings under Section 148 of the Income Tax Act and passed a draft order dated 23.09.2022 making addition on account of STCG denying the DTAA benefit.

The assessee filed simple intimation to AO on 20.10.2022 (basis draft order dated 23.09.2022) that it will file objections before DRP by due date of 23.10.2022 (i.e. 30 days of draft order). The AO received another intimation on 01.11.2022 that objections have been filed (vide ack dated

28.10.2022) i.e. 5 days after due date. The AO did not pass final assessment order on that basis.

The DRP, in turn, ruled that the objections were invalid under Section 144C(2) of the Act being time barred and advised the Revenue to proceed according to law and established precedents. Following this, the Assessing Officer (AO) issued a final assessment order u/s 144C(13), which the assessee contested on the grounds that it was passed beyond the one-month limit from the expiry of the statutory period for filing objections, as stipulated by Section 144C(4).

The ITAT's decision highlights the procedural nuances in tax law, particularly the interplay between the AO, the DRP, and the assessee. The Tribunal observed that once the DRP rejects objections on the basis of delay, it effectively confirms the merits of the draft order prepared by the AO.

However, this rejection does not extend the time limit for passing the final order under Section 144C(4). The ITAT emphasized that the AO should have issued the final order within the prescribed timeframe, specifically under Section 144C(3)(b) read with Section 144C(4)(b) i.e. after 01.11.2022 as also noted by DRP.

This decision serves as a reminder to both taxpayers and tax officials of the importance of procedural regularity in tax assessments.

For details, please click on the link below of judgement of Delhi ITAT in case of Ares Diversified.  
[https://www.dpncindia.com/wp-content/uploads/2024/06/TS-447-ITAT-2024DEL-Ares\\_Diversified.pdf](https://www.dpncindia.com/wp-content/uploads/2024/06/TS-447-ITAT-2024DEL-Ares_Diversified.pdf)

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