



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 25TH DAY OF JUNE, 2026

PRESENT

THE HON'BLE MR. JUSTICE S.G.PANDIT

AND

THE HON'BLE MR. JUSTICE RAJESH RAI K

WRIT APPEAL NO. 438 OF 2026 (T-IT)

BETWEEN:

1. ASSESSMENT UNIT
NFAC, MINISTRY OF FINANCE,
ROOM NO. 401, 2ND FLOOR, E-RAMP,
JAWAHARLAL NEHRU STADIUM,
DELHI-110 003
2. ASSESSMENT/VERIFICATION/
TECHNICAL/REVIEW UNIT,
NFAC MINISTRY OF FINANCE,
ROOM NO. 401, 2ND FLOOR, E-RAMP,
JAWAHARLAL NEHRU STADIUM,
DELHI - 110 003
3. INCOME TAX OFFICER WARD 1(1)(1)
BANGALORE, BMTC BUILDING,
80 FEET ROAD, 6TH BLOCK,
NEAR KHB GAMES VILLAGE,
KORAMANGALA, BENGALURU-560 095
4. PRINCIPAL CHIEF COMMISSIONER OF
INCOME TAX, BENGALURU-1
CR BUILDING, QUEENS ROAD,
BANGALORE-560 001
5. INCOME TAX OFFICER WARD 4(1)(1)
BANGALORE, BMTC BUILDING,

Digitally signed by
PANKAJA S
Location: HIGH
COURT OF
KARNATAKA



**NC: 2026:KHC:31749-DB
WA No. 438 of 2026**

80 FEET ROAD, 6TH BLOCK,
NEAR KHB GAMES VILLAGE,
KORAMANGALA, BENGALURU-560 095

...APPELLANTS

(BY SRI. RAVI RAJ Y.V, ADVOCATE ALONG WITH
SRI. DILIP .M, ADVOCATE)

AND:

M/S TECHNICAL EDUCATIONAL
DEPARTMENTAL EMPLOYEES
CREDIT COOPERATIVE SOCIETY
REP. BY PRESIDENT
SHRI. CHALAPATHI M
NO.311, THANRIRA SHISHAWA BHAVANA
BANGALORE-560 007

...RESPONDENT

(BY SRI. SANDEEP HUILGOL, ADVOCATE)

THIS WRIT APPEAL IS FILED U/S 4 OF THE KARNATAKA
HIGH COURT ACT PRAYING TO SET ASIDE THE ORDER PASSED
BY THE LEARNED SINGLE JUDGE IN WP No. 33300/2025 (T-IT)
DATED 05.11.2025.

THIS APPEAL, COMING ON FOR ORDERS, THIS DAY,
JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S.G.PANDIT
and
HON'BLE MR. JUSTICE RAJESH RAI K

ORAL JUDGMENT

(PER: HON'BLE MR. JUSTICE S.G.PANDIT)

The above writ appeal is filed questioning the learned
Single Judge's order dated 05.09.2025 in W.P.No.33300/2025,
whereunder the writ petition is allowed, quashing the show
cause notices, consequential orders and notices at Annexures-



B, B!, D2, C, C1, C2, D, D1, D2, E and E1 dated 03.02.2024, 13.02.2024, 13.02.2024, 22.08.2024, 22.08.2024, 22.08.2024, 27.08.2024, 27.08.2024, 27.08.2024, 08.10.2024 and 28.07.2025 respectively.

2. Learned counsel appearing for the parties bring to the notice of this Court the order passed by the Hon'ble Apex Court in Civil Appeal No.4716/2026 dated 10.04.2026 reported in [2026] 185 Taxmann.com 1007 (SC), whereunder the Hon'ble Apex Court in identical fact situation, taking note of the amendment by way of insertion of Section 147A into the Income Tax Act, passed the following order:

"15. It is stated by the Learned Assistant Solicitor General that by inserting Section 147A into the IT Act, the term 'Assessing Officer' has been expressly clarified to mean an officer other than the faceless units and the same is deemed to have come into effect retrospectively from 01.04.2021. The said provision reads as follows:

Insertion of new section 147A.

9. After section 147 of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2021, namely:--

"147A. Notwithstanding anything contained in any judgement,



order or decree of any court or in section 151A or in any scheme framed thereunder, for the removal of doubts, it is hereby clarified that the Assessing Officer for the purposes of sections 148 and 148A shall mean and shall always be deemed to have meant to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in sub-section (3) of section 144B."

16. *It is also asserted that the amendment to Section 279 of the Income Tax Act, 2025 is to bring it in consonance with the newly inserted Section 147A of the IT Act, thereby implying that the "Assessing Officer" for the purposes of Sections 280 and 281 of the Income Tax Act, 2025 shall mean to be an Assessing Officer other than the NFAC or any assessment unit referred to in Section 273(3). The amended Section 279 reads as follows:*

71. In section 279 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely: -- '(3) The "Assessing Officer" for the purposes of sections 280 and 281 shall mean to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 273(3).'

17. *In this backdrop, where an interpretative issue concerning the older provisions is already under consideration, it is contended on behalf of the Appellant-Revenue that the Parliament, from the outset, intended that while notices could be issued by either the JAO or the Faceless Assessing Officer (FAO), the subsequent quasi-judicial adjudication of such notices was to be undertaken by the FAOs.*



18. *It is urged that, in light of the divergent views taken by the High Courts owing to perceived ambiguity in the existing law, Parliament has now made the clarificatory amendment with retrospective effect from 01.04.2021, the date on which the original provisions came into force, and that the alleged anomalous situation, if any, has been removed. It was additionally submitted that the power to enact retrospective amendments is well settled in law, and that fresh notices will now be issued to assessees in accordance with the clarified position, so that pending reassessment proceedings may be concluded in accordance with law.*

19. *Conversely, it has been vehemently urged on behalf of the assessees that the new Amendment is not 'clarificatory' in nature but is rather an abortive attempt to fasten penal liability retrospectively, which is impermissible under law. It is their contention that the amending laws having antedated civil consequences ought to be construed strictly.*

20. *In all fairness, we may add that several other contentions have also been raised by both sides, which we do not consider it necessary to advert to at this stage in light of the order we propose to pass. In the facts of the present batch, we are of the considered view that it is not necessary for this Court to examine the merits of the rival submissions concerning the correctness of the impugned judgments or the scope of the competing precedents at this juncture.*

21. *It appears to us that the assessees would be entitled to challenge the amending provisions as elaborated upon heretofore, for which it would only be appropriate to relegate them to the jurisdictional High Courts. All contentions raised before us, as well as any other grounds available to*



them to question the impugned notices, may be urged before the High Courts instead.

22. *Since the High Courts have primarily quashed the reassessment notices on the ground that the JAOs lacked competence to initiate such proceedings, and the very foundation of that view now stands altered by the amending legislation, the impugned judgments in favor of the assesseees are set aside on this limited ground. The matters are accordingly remitted to the respective High Courts for fresh consideration. Ordered accordingly.*

23. *The assesseees are granted liberty to amend their writ petitions, if so advised, within a period of four (4) weeks from the date of uploading of this order, so as to enable them to lay challenge to Section 147A of the IT Act, as introduced by Act No. 4 of 2026, or to any other connected or consequential provision.*

24. *Similarly, the Appellant-Revenue shall be at liberty to file their written submissions and affidavits before the jurisdictional High Courts within a period of three (3) weeks thereafter.*

25. *No additional time shall be granted to the parties beyond what has been granted above.*

26. *We make it clear that we have not expressed any opinion on the merits of the controversy, including the validity, scope, effect, retrospectivity or applicability of the amended provisions, and all such questions are left open to be decided by the High Courts.*

27. *Finally, during the pendency of the writ petitions before the High Courts, there shall be an interim stay of further assessment/reassessment proceedings pursuant to the impugned notices, subject to such terms and conditions as may be imposed by the High Courts.*



28. *The High Courts are requested to decide the matters preferably by 30.09.2026. Learned counsel for the parties undertake to extend full cooperation to the High Courts in this regard. No adjournments may be granted by the High Courts on mere asking of the parties."*

3. Learned counsel appearing for the parties seek disposal of the above writ appeal in terms of the order passed by the Hon'ble Apex Court, referred to above. Further, learned counsel appearing for the respondent/assessee seeks liberty to lay challenge to Section 147A of the Act in terms of the liberty granted by the Hon'ble Apex Court.

4. Learned counsel appearing for the parties also bring to the notice of this Court, order dated 04.05.2026 in SLP(C).No.8682/2024 passed by the Hon'ble Apex Court taking note of the order dated 10.04.2026 in Civil Appeal.No.4716/2026, which reads as follows:

"7. *Consequently, keeping in mind the reasons set out in order dated 10.04.2026, the impugned judgment in each appeal is set aside and the instant appeals are disposed of by remitting the matters to the jurisdictional High Courts for redetermination of the issues. As observed above, the High Courts shall firstly determine whether the matters pertain to Assessment Year 2015-16. If it is found to be so, no further adjudicatory exercise shall be required to be undertaken by the High*



Court, except to declare the notices as being time-barred in light of Rajeev Bansal (supra). However, if it is found that the case does not pertain to Assessment Year 2015-16, then all the issues shall be resolved in terms of the order dated 10.04.2026 passed in Civil Appeal No.4716 of 2026."

5. Taking note of the submissions of the learned counsel appearing for the parties as well as taking note of the above referred orders of the Hon'ble Apex Court, we do not deem it fit to go into the merits of the case. We deem it appropriate to set aside the order passed by the learned Single Judge and remit the matter to the learned Single Judge with liberty to the respondent/assessee to lay challenge to Section 147A of the Act, keeping open all the contentions of the parties, including the observations made by the Hon'ble Apex Court in order dated 04.05.2026 in SLP(C).No.8456/2025 and Connected Appeals.

6. Hence, the following:

ORDER

- a) Writ appeal is ***allowed***.
- b) Order passed by the learned Single Judge dated 05.09.2025 in W.P.No.33300/2025 is set-aside.



- c) Liberty is granted to the respondent/assessee to lay challenge to Section 147A of the Act as introduced by Act No.4 of 2026 or to any other connected or consequential provisions, within four weeks from today.
- d) The appellant/Revenue is granted three weeks thereafter to file additional affidavit or submission.
- e) Learned Single Judge is requested to take note of the timeline laid down by the Hon'ble Apex Court as extracted above.
- f) The interim order as granted by the Hon'ble Apex Court would enure to the benefit of the parties herein.

Pending I.As., if any, stand disposed of.

**SD/-
(S.G.PANDIT)
JUDGE**

**SD/-
(RAJESH RAI K)
JUDGE**