



CWP-21666-2021 (O&M)

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**IN THE HIGH COURT OF PUNJAB & HARYANA  
AT CHANDIGARH**

**CWP-21666-2021 (O&M)  
Date of decision: 21.07.2026**

PURE MILK PRODUCTS PVT. LTD.

....Petitioner

Versus

UNION OF INDIA AND ORS

...Respondents

**CORAM: HON'BLE THE ACTING CHIEF JUSTICE  
HON'BLE MR. JUSTICE ROHIT KAPOOR**

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Present: Mr. Sunil Kumar Mukhi, Advocate  
for the petitioner.

Ms. Urvashi Dugga, Sr. Standing Counsel,  
Mr. Vaibhav Gupta, Jr. Standing Counsel,  
Ms. Kavita, Advocate  
for the respondents/Revenue.

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**ASHWANI KUMAR MISHRA, A.C.J. (Oral)**

1. This writ petition, along with other connected matters, lays challenge to the notice dated 31.03.2021 (Annexure P-3) by respondent No.2 under section 148 of the Income Tax Act, 1961 (for short 'the Act') for assessment year 2015-16, and the proceedings initiated pursuant thereto.

2. At the outset, when the matter was taken up, the counsel for the Revenue informed us that a batch of writ petitions filed before this Court, assailing similar notices under section 148 of the Act on the ground that they were not preceded by compliance with the procedure prescribed under section 148A of the Act, which provision was introduced through Finance Act, 2021, have been disposed of in terms of the law laid down by the Supreme Court in *Union of India and others vs. Ashish Agarwal, (2023) 1 SCC 617*. The order dated 20.04.2026 passed by the Coordinate Bench in CWP-4734-2022, titled as '*Sadashiv Capital Services Pvt. Ltd. vs. Union of India and others*', has been



relied upon by the Revenue. This order is reproduced as under:-

*“4. Notices under Section 148 of the Act, issued and dispatched prior to 01.04.2021, were not required to be preceded by any notice under Section 148A of the Act because Section 148A was prospectively introduced through the Finance Act, 2021 and was to come into effect on or after 01.04.2021. Therefore, such notices would continue to be governed by the unamended provisions. In this regard following observations by the Supreme Court in Union of India and ors. vs. Ashish Agarwal, (2023) 1 SCC 617, can be usefully referred to:-*

*“22. Thus, the new provisions substituted by the Finance Act, 2021 being remedial and benevolent in nature and substituted with a specific aim and object to protect the rights and interest of the assessee as well as and the same being in public interest, the respective High Courts have rightly held that the benefit of new provisions shall be made available even in respect of the proceedings relating to past assessment years, provided Section 148 notice has been issued on or after 1st April, 2021. We are in complete agreement with the view taken by the various High Courts in holding so.*

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*28. In view of the above and for the reasons stated above, the present appeals are allowed in part. The impugned common judgments and orders passed by the High Court of Judicature at Allahabad in WT No. 524/2021 and other allied tax appeals/petitions, is/are hereby modified and substituted as under:-*

*28.1 The impugned Section 148 notices issued to the respective assesseees which were issued under unamended Section 148 of the IT Act, which were the subject-matter of writ petitions before the various respective High Courts shall be deemed to have been issued under Section 148A of the IT Act as substituted by the Finance Act, 2021 and*



*construed or treated to be show-cause notices in terms of Section 148A(b). The assessing officer shall, within thirty days from today provide to the respective assessee information and material relied upon by the Revenue, so that the assessee can reply to the show-cause notices within two weeks thereafter;*

*28.2 The requirement of conducting any enquiry, if required, with the prior approval of specified authority under Section 148A(a) is hereby dispensed with as a one-time measure vis-à-vis those notices which have been issued under Section 148 of the unamended Act from 01.04.2021 till date, including those which have been quashed by the High Courts.*

*28.3 Even otherwise as observed hereinabove holding any enquiry with the prior approval of specified authority is not mandatory but it is for the Assessing Officers concerned to hold any enquiry, if required;*

*28.4 The assessing officers shall thereafter pass orders in terms of Section 148-A(d) in respect of each of the assessee concerned; Thereafter after following the procedure as required under Section 148-A may issue notice under Section 148 (as substituted);*

*28.5 All defences which may be available to the assessee including those available under Section 149 of the IT Act and all rights and contentions which may be available to the assessee concerned and Revenue under the Finance Act, 2021 and in law shall continue to be available.*

*29. The present order shall be applicable PAN INDIA and all judgments and orders passed by different High Courts on the issue and under which similar notices which were issued after 01.04.2021 issued under Section 148 of the Act are set aside and shall be governed by the present order and shall stand modified to the aforesaid extent. The present order is passed in exercise of powers under Article 142 of the*



*Constitution of India so as to avoid any further appeals by the Revenue on the very issue by challenging similar judgments and orders, with a view not to burden this Court with approximately 9000 appeals. We also observe that present order shall also govern the pending writ petitions, pending before various High Courts in which similar notices under Section 148 of the Act issued after 01.04.2021 are under challenge.”* (emphasis supplied)

*5. In the light of the above, we find no justifiable reason to interfere with the impugned notice. However, in response to the impugned notice, the petitioner shall be at liberty to file its written response after which the competent Assessing Officer shall proceed to assess the petitioner, in accordance with law.”*

3. Though we were inclined to dispose of the present writ petition on similar terms, but the counsel for the petitioner insists that certain other issues would require determination. We have therefore proceeded to examine the other contentions, which are advanced by the counsel for the petitioner.

4. The submissions advanced on behalf of the petitioner to assail the notice under section 148 of the Act are as under:-

- i. The notice is not properly signed.
- ii. No proper approval is in existence, inasmuch the notice merely refers to the approval of Range-1, Ludhiana, which does not amount to sufficient description of the Officer who has granted such approval in terms of section 151 of the Act.
- iii. If the notice is treated to be under the new regime, then all the provisions of the new regime would have to be followed, and as there is no compliance of such provisions, therefore, the notice is bad in law.



- iv. The notice dated 31.03.2021 is barred by limitation, since it has been received by the petitioner only on 01.04.2021.
- v. No reasons are assigned in the notice for its issuance, and in their absence, a reply cannot be furnished, nor can the notice be assailed, and therefore, the notice is without jurisdiction.
- vi. It is then urged that there is a departmental circular issued by the Central Board of Direct Taxes (for short 'CBDT') for the guidance of the concerned officers, for initiation of proceedings under section 148 of the Act, which has not been complied with.

5. The aforesaid submissions have been pressed, relying upon the CBDT circular dated 04.03.2021 and fourteen judgments were placed before the Court, citations whereof are reproduced hereunder:-

- i. UCO Bank vs. Commissioner of Income Tax, (1999) 237 ITR 889 (SC);
- ii. Red Chilli International Sales vs. Income Tax Officer and another, CWP-10073-2022, decided on 02.06.2022;
- iii. Red Chilli International Sales vs. Income Tax Officer and another, SLP No.86/2023, decided on 03.01.2023;
- iv. Berger Paints India Ltd. vs. Commissioner of Income Tax, Calcutta, Civil Appeal No. 1081-1083 of 2004, decided on 17.02.2004;
- v. Sona Builders vs. Union of India and others, (2001) 251 ITR 197 (SC);
- vi. Collector Land Acquisition, Anantnag and another vs. Mst. Katiji and others, 1987 AIR 1353, decided on 19.02.1987;



- vii. Gurgaon Realtech Limited vs. National Faceless Assessment Centre, Delhi, W.P.(C) 5849/2021, decided on 04.06.2021;
- viii. Apeejay Education Society vs. Assistant Commissioner of Income Tax, Chandigarh and others, CWP-6233-2022, order dated 29.03.2022;
- ix. CBDT circular dated 04.03.2021
- x. Baljit Singh vs. ITO, Ward 2(1), Amritsar, CWP-35181-2024, decided on 29.01.2025;
- xi. Sanjay Kumar vs. Income Tax Officer and others, CWP-33095-2024, decided on 09.12.2024;
- xii. Apar Bansal vs. National Faceless Assessment Centre and others, CWP-177-2024, order dated 08.01.2024;
- xiii. Union of India and others vs. Ashish Agarwal, (2023) 1 SCC 617;
- xiv. Income Tax Officer, Ward 2(1), Chandigarh and others vs. Tej Pratap Singh, SLP/diary No.2196/2026, decided on 10.04.2026; and
- xv. Commissioner of Income-Tax vs. Rane Brake Linings Ltd., 272 ITR 405.

6. The judgment at serial No.i i.e. **UCO Bank** (supra) is cited for the proposition that departmental circulars/instructions are binding upon the authorities. The judgments at serial No.ii and iii i.e. **Red Chilli International Sales** (supra), are cited for the proposition that there ought to be consistency in passing of the orders by the Court. The judgment at serial No.iv i.e. **Berger Paints India** (supra) has been relied upon, in order to contend that the pleadings made in the writ petition have not been effectively replied to, and therefore, the



petitioner cannot appropriately lay challenge to the notice. The judgment at serial No.v i.e. ***Sona Builders*** (supra) is cited for the proposition that issuance of seven days notice for filing of reply is mandatory, and where such provisions are not followed or a lesser time is given, the proceedings ought to be quashed on this ground alone. The sixth judgment i.e. ***Collector Land Acquisition*** (supra) is in the context of a challenge laid to land acquisition proceedings, where the issue was regarding condonation of delay. The principles laid down therein have been placed before the Court, but we have not been able to understand as to what relevance this judgment has for the controversy in issue. So far as the seventh judgment i.e. ***Gurgaon Realtech Ltd.*** (supra) is concerned, learned counsel states that this judgment though forms the part of compilation before the Court, but has no applicability in the facts of the present case. The judgment at serial No.viii, in the case of ***Apeejay Education Society*** (supra), is in support of the submission that departmental instructions, once not followed, the action itself would be rendered invalid. At serial No.ix is the circular, which is relied upon. Judgments at serial No.x and xi, in the cases of ***Baljit Singh*** (supra) and ***Sanjay Kumar*** (supra), are not pressed at the time of hearing. The judgment at serial No.xii, i.e. ***Apar Bansal*** (supra), is in respect of different issue of tagging. The thirteenth judgment in the case of ***Ashish Agarwal*** (supra) has relevance for the present controversy and shall be dealt with. The next judgment in the case of ***ITO, Ward-2(1), Chandigarh and others*** (supra) also has relevance for the present controversy and shall be dealt with. The last judgment is of Madras High Court in the case of ***Rane Brake Linings Ltd.*** (supra), according to which the proceedings undertaken in violation of law are *non est*.

7. The submissions advanced on behalf of the petitioner would require consideration in the facts of the present case, which are noticed hereinafter.



8. The petitioner claims to be an old assessee and is filing its regular returns since long, and the return for the year under consideration i.e. assessment year 2015-16 was filed on 30.09.2015. The petitioner states that due to nation-wide lockdown in March, 2020, the period of limitation for issuance of notice under section 148 of the Act pertaining to AY 2015-16 onwards, was extended from 31.03.2020 to 30.06.2020, and lastly till 31.03.2021. It is then stated that the Finance Act, 2021 was introduced by the Parliament, and the provisions of section 148 and 149 of the Act, as they existed prior to the amendment, were removed, and completely new sections 148, 148A and 149 were incorporated in the Act. The period of limitation provided for issuance of notice was substituted by the new regime. The petitioner, therefore, contends that this was not a case in which no *reason to believe* could be formed, or was actually formed by the competent authority, for initiation of proceedings of reassessment, and therefore, the notice itself is without jurisdiction. The provisions of the Finance Act, 2021 have also been relied upon. According to the petitioner, since the notice was served on 01.04.2021, which was after expiry of a period of six years from the AY 2015-16, therefore, the notice is bad in law.

9. The contentions made in the writ petition have been controverted by the Revenue by filing its written statement. So far as the contention with regard to non-signing of the notice is concerned, the Revenue states that the notice has been digitally signed in accordance with the applicable instructions, consistent with the statutory scheme, and therefore, there is no error in the notice on such ground. It is further stated that the notice dated 31.03.2021 was actually sent to the petitioner-assessee by way of e-mail on 31.03.2021 itself. It is, therefore, submitted that the factual plea made in the writ petition that notice has been issued after six years, is factually incorrect. It is further stated that the circular



relied upon by the petitioner has been adhered to, inasmuch as the categories which have been approved for reassessment proceedings would include the present case also, as an FIR has been lodged in the matter, as would be noticed hereinafter. It is also stated that the matter had been placed before the competent authority for approval in terms of section 148, and it is the Joint Commissioner, Range-1, Ludhiana, who had actually approved the proposal for initiation of reassessment proceedings.

10. Learned counsel for the Revenue has also produced before the Court the approval granted under section 151 of the Act, along with the reasons for issuance of notice under section 148 of the Act. The facts as have been recorded in the approval would be relevant for the present purposes, and are extracted as under:-

*“The assessee is engaged in business of manufacturing of skimmed Milk, Ghee etc. Return for the assessment year 2015-16 was filed on 30.09.2015 declaring loss of Rs.(-)5,85,35,039/-. The case was not selected for scrutiny.*

*As per information received, FIR has been lodged by Sh. Jagdish Lal, DGM, Shredded Assets Management Branch, Civil Lines, Ludhiana against M/s Pure Milk Products Pvt. Ltd. And its directors for mis-utilising the credit facilities of Rs. 62.13 Cr. availed from State Bank of India for purchase of fixed assets. Account of the company became NPA on 28.07.2015 as the company prepared fabricated documents to siphon off the funds and not purchased any fixed asset for which loan was granted. As per information received the total amount of loan disburse by the bank from 01.01.2010 to 31.03.2015 is to the tune of Rs.62.13 Crore.*

*Information from the assessee company was also sought u/s 133(6) of the I.T Act, 1961 and response of the assessee company has been received through ITBA portal on 24.02.2020. The information supplied by M/s Pure*



*Milk Products Pvt Ltd has been perused with the information obtained from the bank authority and data available on ITBA and return of income. From the perusal of Financial Statements of the assessee for the A.Y. 2015-16, it is observed that the assessee has taken huge amount of borrowing as on 31.03.2014 and corresponding huge amount of financial cost of amount of Rs. 6,78,22,960/- and depreciation expenses of amount of Rs. 1,08,16,970/- are debited in P & L account. Since the company prepared fabricated documents to siphon off the funds and not purchased any fixed asset for which loan was granted. Therefore, amount of (Rs. 6,78,22,960+1,08,16,970) =Rs. 7,86,39,930/- has been found to be escaped.*

*I have independently examined the information in the case of the assessee company available in the office of the undersigned. From the analysis of information and after independent verification of the same with the records of this office, I have reasons to believe that the income of Rs. 7,86,39,930/- for the financial year 2014-15 relevant to assessment year 2015-16 has escaped assessment within the meaning of provisions of section 147 of the Income-tax Act, 1961. Therefore, this is a fit case to issue notice under section 148 of the Income-tax Act, 1961 as there is failure on the part of the assessee to disclose fully & truly all material facts necessary for his assessment.*

*Therefore as discussed in the above paragraph, I am satisfied and have reasons to believe that income of Rs. 7,86,39,930/-has escaped assessment on the part of assessee to disclose fully and truly all the material facts necessary for assessment for the FY 2014-15 relevant to A.Y. 2015-16. In this case only income return was filed but no assessment has been made and the case is within 4 years from the end of the assessment year, Therefore only requirement is to issue notice under section 148 of the Income Tax Act, 1961 and taking the approval for the same.*

*In this case more than four years have not been lapsed from the end of the assessment year under consideration. Hence, prior approval of Joint Commissioner of Income Tax, Range-1, Ludhiana has been sought in the*



*case.”*

11. The approval has also been obtained from Ms. Priyanka Singla, who is stated to be the Joint Commissioner, Range-1, Ludhiana. These documents are taken on record.

12. It is in the context of above facts and the submissions advanced that we have proceeded to examine the writ petition on its merits.

13. At the outset, we may note that the question, as to whether the notices for reassessment could be issued in the manner as has been done herein, ultimately came up for consideration before the Supreme Court in *Ashish Agarwal* (supra). The various High Courts had taken the view that since the procedure contemplated in law had not been observed, therefore, the notice itself was invalid. It is in this context that the matter ultimately came to be examined by the Supreme Court, and was disposed of with the following observations:-

*“25. Therefore, we propose to modify the judgments and orders passed by the respective High Courts as under:-*

*25.1 The respective impugned section 148 notices issued to the respective assessees shall be deemed to have been issued under section 148A of the IT Act as substituted by the Finance Act, 2021 and treated to be show-cause notices in terms of section 148-A(b). The respective assessing officers shall within thirty days from today provide to the assessees the information and material relied upon by the Revenue so that the assessees can reply to the notices within two weeks thereafter.*

*25.2 The requirement of conducting any enquiry with the prior approval of the specified authority under section 148-A(a) be dispensed with as a one-time measure vis-à-vis those notices which have been issued under Section 148 of the unamended Act from 1-4-2021 till date, including those which have been quashed by the High Courts.*

*25.3 The assessing officers shall thereafter pass an order in terms of*



*section 148-A(d) after following the due procedure as required under section 148-A(b) in respect of each of the assesseees concerned.*

*25.4 All the defences which may be available to the assessee under section 149 and/or which may be available under the Finance Act, 2021 and in law and whatever rights are available to the Assessing Officer under the Finance Act, 2021 are kept open and/or shall continue to be available.*

*25.5 The present order shall substitute/modify respective judgments and orders passed by the respective High Courts quashing the similar notices issued under unamended section 148 of the IT Act irrespective of whether they have been assailed before this Court or not.”*

14. The Court categorically held that the impugned notices under section 148 of the Act, issued to the respective assesseees shall be deemed to have been issued under section 148A of the Act, as substituted by the Finance Act, 2021, and shall be treated to be show cause notices under section 148A(b) of the Act. The requirement of conducting any enquiry with prior approval of the specified authority under section 148A(a) of the Act has been dispensed with, as a one-time measure vis-à-vis those notices which have been issued under section 148 of the unamended Act from 01.04.2021 onwards. The judgment of the Supreme Court in *Ashish Agarwal* (supra) effectively forecloses substantial arguments advanced on behalf of the petitioner in the present petition, inasmuch as the Supreme Court has categorically held that the notice issued under section 148 during the regime of the Finance Act, 2021 shall be deemed to have been issued under section 148A of the Act as substituted by the Finance Act, 2021. The submissions advanced in the writ petition questioning the legality of the notice under section 148 on account of it being inconsistent with the statutory scheme, therefore, must fail.

15. The submission of counsel for the petitioner that if the amended



section 148 of the Act has to be applied, then all provisions of such amending Act would necessarily require compliance, is also noticed, only to be rejected. The Supreme Court by creating a deeming fiction had permitted the notices previously issued under section 148, to be treated as notices issued under section 148A of the Act, without requiring other provisions of section 148A to be necessarily complied with.

16. The substantial thrust of petitioner's argument is with regard to non-compliance of the statutory requirement of obtaining approval from the competent authority. It is asserted that mere mentioning of Range-1, Ludhiana, as being the authority from which approval has been obtained, does not meet the requirement laid down in section 151 of the Act. On this aspect, we find that the approval for issuance of notice under section 148 has been obtained from the Joint Commissioner of Income Tax, Range-1, Ludhiana-Ms. Priyanka Singla. Since the Deputy Commissioner of Income Tax was otherwise the assessing officer, having jurisdiction over the petitioner-assessee, therefore, approval obtained from the Joint Commissioner would have to be treated as valid approval from the competent authority before issuance of notice, under section 148 of the Act.

17. Coming to the submission with regard to non-signing of the order by the competent authority, we find that the notice has been digitally signed, and the DIN of the officer has been categorically mentioned. In terms of the applicable circular(s) and the provisions of law, such digital signing of the order would amount to passing of the order by the competent authority, whose DIN is categorically mentioned. The argument that the notice was not signed by the competent authority, therefore, must fail.

18. Coming to the aspect of reasons not being given in the notice, we



find substance in the argument of the counsel for the respondents that such reasons are to be subsequently furnished, and the records do contain proper reasons, as have been extracted hereinabove.

19. It remains undisputed that an FIR has been lodged, in which it has been found that the petitioner and its Directors have misutilized credit facilities to the extent of Rs. 62.13 crores, which were availed from SBI for the purchase of fixed assets. This FIR was lodged by the DGM, Stressed Assets Management Branch, Civil Lines, Ludhiana. The circular which has been heavily relied upon by the petitioner contains five distinct categories, under which reassessment proceedings can be initiated. This circular is reproduced hereunder:-

*“1.The Central Board of Direct Taxes (Board), in exercise of its powers u/s 119 of the Income-tax Act, 1961 (Act), with an objective of streamlining the process of selection of cases for issue of notices u/s 148 of the Act, hereby directs that the following categories of cases be considered as 'potential cases' for taking action u/s 148 of the Act by 31.03.2021 for the A. Y 2013-14 to A. Y 2017-18 by the Jurisdictional Assessing Officer (JAO):*

- i. Cases where there are Audit Objections (Revenue/Internal) which require action u/s 148 of the Act;*
- ii. Cases of information from any other Government Agency/Law Enforcement Agency which require action u/s 148 of the Act;*
- iii. Potential cases including:-*
  - (a) Reports of Directorate of Income-tax(Investigation),*
  - (b) Reports of Directorate of Intelligence & Criminal Investigation,*
  - (c) Cases from Non-Filer Management System(NMS) & other cases as flagged by the Directorate of Income-tax(Systems) as per risk profiling;*
- iv. Cases where information arising out of field survey action, requiring action u/s 148 of the Act.*
- v. Cases of information received from any Income-tax authority requiring*



*action u/s 148 of the Act with the approval of Chief Commissioner of Income Tax concerned.”*

20. The second category as per the circular pertains to cases of information from any other Government Agency/Law Enforcement Agency, which require action under section 148 of the Act. Even otherwise, we find that this was a case in which the Directorate of Intelligence and Criminal Investigation was involved. The case in hand, therefore, clearly falls within one of the categories shortlisted for initiation of proceedings for reassessment. So far as non-disclosure of such fact in the notice is concerned, we do not find any requirement of satisfaction of such circular being recorded in the notice itself. The circular is otherwise for the internal guidance of the Income Tax authorities, and its mention in the notice is not a *sine qua non* for issuance of notice under section 148 of the Act. In such circumstances, it cannot be said that the departmental circular issued by the CBDT dated 04.03.2021 has not been complied with.

21. So far as the judgments relied upon by the petitioner in the case of **UCO Bank** (supra) and **Apeejay Education Society** (supra) are concerned, we find that the proposition of law laid down therein does not help the cause of the petitioner, in view of the categorical finding returned by us that the instructions contained in the circular have been complied with.

22. So far as the judgments in **Red Chilli International Sales** (supra) by this Court and the Supreme Court are concerned, we find that the decisions have absolutely no applicability in the facts of the present case. Rather, the proposition laid down therein would go against the petitioner. Since hundreds of petitions challenging similar notice under section 148 of the Act have been disposed of in terms of the order passed by the Coordinate Bench relying upon



the judgment of the Supreme Court in **Ashish Agarwal** (supra), the principle of consistency would have required us to have also followed the same.

23. We may also note one other aspect. One of the aspects pressed on behalf of the petitioner is that the notice itself is barred by limitation. The judgment of the Supreme Court in **Ashish Agarwal** (supra) has since been considered by the subsequent Bench of the Supreme Court in Civil Appeal No.8629/2024, **Union of India vs. Rajeev Bansal**, decided on 03.10.2024. In **Rajeev Bansal** (supra), the principle laid down in **Ashish Agarwal** (supra) has been reiterated. However, with regard to notices issued under section 148 of the Act, on or after 01.04.2021, a concession of the Additional Solicitor General of India was recorded in para 19(f) of the judgment, which is extracted hereinafter:-

*“f. The Revenue concedes that for the assessment year 2015-16, all notices issued on or after 1 April 2021 will have to be dropped as they will not fall for completion during the period prescribed under TOLA;”*

24. In **Rajeev Bansal** (supra), the Supreme Court has explained the previous judgment of the Supreme Court in **Ashish Agarwal** (supra) in paragraphs No.99 and 100, which are reproduced hereinafter:-

*“99. In Ashish Agarwal (supra), this Court created a legal fiction by deeming the Section 148 notices issued under the old regime as show cause notices under Section 148A(b) of the new regime. The purpose of the legal fiction was to enable the Revenue “to proceed further with the reassessment proceedings as per the substituted provisions” of the Income Tax Act. Accordingly, all the reassessment notices issued under the old regime were deemed to have been show cause notices issued under Section 148A(b) of the new regime. The fiction replaced Section 148 notices with Section 148A(b) notices State of Maharashtra v. Laljit Rajshi Shah, (2000) 2 SCC 699 [6]. Bengal Immunity Company Ltd v. State of Bihar, 1955 SCC OnLine SC 2 Industrial Supplies (P) Ltd. v. Union of India, (1980) 4 SCC 341 [25] with*



*effect from the date when the notices under Section 148 of the old regime were issued between 1 April 2021 and 30 June 2021, as the case may be. This ensured the continuance of the reassessment process initiated by the Revenue from 1 April 2021 to 30 June 2021 under the old regime.*

*100. Importantly, this Court in Ashish Agarwal (supra) did not quash the reassessment notices issued under Section 148 of the old regime. In Shree Chamundi Mopeds Ltd. v. Church of South India Trust Association, 160 a three-Judge Bench of this Court explained the distinction between quashing an order and staying the operation of an order thus:*

*“10. [...] Quashing of an order results in the restoration of the position as it stood on the date of the passing of the order which has been quashed. The stay of operation of an order does not, however, lead to such a result. It only means that the order which has been stayed would not be operative from the date of the passing of the stay order and it does not mean that the said order has been wiped out from existence.”*  
*The reassessment proceedings erroneously initiated by the Revenue under the old regime were not wiped out from existence. Consequently, the Revenue was not required to start the procedure of reassessment afresh after the decision of this Court in Ashish Agarwal (supra).”*

25. The conclusions in **Rajeev Bansal** (supra) have been crystallized in para 114 of the judgment, which reads as under:-

*“114. In view of the above discussion, we conclude that:*

- a. After 1 April 2021, the Income Tax Act has to be read along with the substituted provisions;*
- b. TOLA will continue to apply to the Income Tax Act after 1 April 2021 if any action or proceeding specified under the substituted provisions of the Income Tax Act falls for completion between 20 March 2020 and 31 March 2021;*
- c. Section 3(1) of TOLA overrides Section 149 of the Income Tax Act only to the extent of relaxing the time limit for issuance of a reassessment notice under Section 148;*



*d. TOLA will extend the time limit for the grant of sanction by the authority specified under Section 151. The test to determine whether TOLA will apply to Section 151 of the new regime is this: if the time limit of three years from the end of an assessment year falls between 20 March 2020 and 31 March 2021, then the specified authority under Section 151(i) has extended time till 30 June 2021 to grant approval;*

*e. In the case of Section 151 of the old regime, the test is: if the time limit of four years from the end of an assessment year falls between 20 March 2020 and 31 March 2021, then the specified authority under Section 151(2) has extended time till 31 March 2021 to grant approval;*

*f. The directions in Ashish Agarwal (supra) will extend to all the ninety thousand reassessment notices issued under the old regime during the period 1 April 2021 and 30 June 2021;*

*g. The time during which the show cause notices were deemed to be stayed is from the date of issuance of the deemed notice between 1 April 2021 and 30 June 2021 till the supply of relevant information and material by the assessing officers to the assesses in terms of the directions issued by this Court in Ashish Agarwal (supra), and the period of two weeks allowed to the assesses to respond to the show cause notices; and h. The assessing officers were required to issue the reassessment notice under Section 148 of the new regime within the time limit surviving under the Income Tax Act read with TOLA. All notices issued beyond the surviving period are time barred and liable to be set aside;”*

26. From the principles laid down in **Rajeev Bansal** (supra), it transpires that wherever notices of assessment under the old regime were issued after 01.04.2021, then such notices will have to be termed as time-barred. The notice issued on 31.03.2021 under the old regime would, therefore, not be hit by the principles laid down by the Supreme Court in **Rajeev Bansal** (supra). The contention of the petitioner that such proceedings are bad on account of the



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notice being barred by limitation, therefore, also fails.

27. Mere fact that any interim protection has been granted in a writ petition, would not mean that the other writ petition would not be decided on merits. It is otherwise a settled principle of law, that what is binding upon the Court is the ultimate adjudication, and the continuance of interim protection in one or two isolated cases would not mean that the writ petition would not be heard or decided finally. The insistence on the part of the petitioner, in one way or the other, to continue with pendency of the writ petition, cannot be appreciated.

28. With the aforesaid observations, petition stands dismissed.

29. Pending applications, if any, shall also stand disposed of accordingly.

**(ASHWANI KUMAR MISHRA)**  
**ACTING CHIEF JUSTICE**

**(ROHIT KAPOOR)**  
**JUDGE**

**21.07.2026**  
*mohit goyal*

|                           |   |          |
|---------------------------|---|----------|
| Whether speaking/reasoned | : | Yes / No |
| Whether reportable        | : | Yes / No |