IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 29.10.2025

CORAM

THE HON'BLE MR.MANINDRA MOHAN SHRIVASTAVA,
CHIEF JUSTICE
AND
THE HON'BLE MR.JUSTICE G.ARUL MURUGAN

Writ Appeal No.2804 of 2025

1.Assessment Unit,
Income Tax Department,
New Delhi

2.Assistant Commissioner of Income Tax
Circle 1, Erode : Appellants

versus

Pallava Textiles Private Ltd,
rep. By its Director,
M.Ravichandran,
No.27-C, Sankari Bye Pass Road,
Pallipalayam 638 006 : Respondent

Prayer: Appeal filed against the order passed by learned Single Judge in WP No.1801 of 2023 dated 30.01.2024.

For Appellants	:	Ms.M.Sheela, Senior Standing Counsel, for Income Tax Department
For Respondent	:	Mr.Suhrith Parthasarathy

JUDGMENT

(Judgment of the Court was delivered
by the Hon'ble Chief Justice)

Challenge to the order passed by the learned Single Judge is based primarily on the submission that as there was an alternative and efficacious remedy of filing statutory appeal, in the absence of any extraordinary ground made out by respondent/writ petitioner, the writ petition ought not to have been entertained, and the respondent ought to be remitted to exhaust his alternative remedy.

2. The other submission of the learned counsel for the appellant/ Revenue is that the findings which have been recorded by the learned Single Judge with regard to the effective date of amalgamation, transfer of assets and liabilities, as also the period within which the respondent could have submitted his return, are all factual aspects and could not be gone into in a writ petition, particularly when the appellant in its counter-affidavit had disputed those facts. It is further submitted that though the impugned assessment order was set aside with liberty to issue fresh notices and make reassessment on the basis of consolidated return of income, on the finding that while making

assessment, consolidated return of income was not considered, the issuance of fresh notice at this stage may be objected to by the respondent on various technical grounds, including the ground that it is either time barred or that issuance of fresh notice without any fresh material may not be permissible under the scheme of the Act.

3. True, it is that the respondent had filed writ petition without availing his statutory remedy. At the same time, we find that the interference has been made by the learned Single Judge. Had it not been a case of final adjudication by the learned Single Judge in the writ petition, this Court would have definitely interfered with the assumption of jurisdiction, as there exists an alternative statutory remedy of filing an appeal. But we find that the main basis for interference has been violation of statutory provisions as contained in Section 170A of the Income Tax Act.

4. Learned Single Judge has found that the law required that consolidated return filed by the respondent was required to be taken into consideration while framing assessment but that was not done in the instant case.

5. We also find that the learned Single Judge has interfered the impugned order on the ground that reasonable opportunity was not given to submit reply and the assessment resulted in huge additions.

6. We are of the view that the liberty which has been granted by learned Singe Judge entitles the appellant to carry out fresh assessment, particularly taking into view that notice under Section 143(2) of the Act which was issued on 28.06.2022, has not been set aside but it is only the assessment order that was interfered with.

7. To make it clear, and beyond any pale of doubt, we further clarify that it would be open for the appellant to carry out fresh assessment by taking into consideration the consolidated return on the basis of notice issued under Section 143(2) of the I.T. Act, issued on 28.06.2022, without there being any objection entertained on the ground that the proceedings initiated on that basis ought to be concluded within a particular period.

8. With the aforesaid clarification, the appeal is disposed of. There will be no order as to costs. Consequently, CMP No.22585 of 2025 is closed.

(MANINDRA MOHAN SHRIVASTAVA, CJ.) (G.ARUL MURUGAN, J.)
29.10.2025

Index : Yes/No
Neutral Citation : Yes/No
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To

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