IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 16.06.2025

CORAM

THE HON'BLE Mr. JUSTICE KRISHNAN RAMASAMY

W.P.No.15162 of 2025
& W.M.P.Nos.17089 & 17091 of 2025

Sohan Raj Khanted Gunvanth raj
17, Krishna Iyer Street, Sowcarpet,
Chennai 600079

... Petitioner

Vs.

1. Commissioner Of Income-tax (appeals)
National Faceless Appeals Centre (NFAC) C-block
4th Floor, S.P.M. Civic Centre, New Delhi-110 001.

2. The Deputy / Assistant Commissioner Of Income Tax
The National Faceless Assessment Centre, 2nd floor, E-Ramp,
Jawaharlal Nehru Stadium, New Delhi - 110 003.

3. Assistant Commissioner Of Income Tax
Non-Corporate Circle 4(1), II Floor, BSNL Tower, No.16,
Greams Road, Chennai - 600006

4. Principal Commissioner Of Income Tax
Range 8, II Floor, BSNL Tower, No.16,
Greams Road, Chennai - 600006

... Respondents

Prayer:

Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorari, for quashing Order No. ITBA/NFAC/S/ 250/2024-25/ 1074626626(1) dated 18.03.2025 passed by the 1st Respondent in Appeal No. NFAC/ 2019-20/10356051

For Petitioner	:	Mr.Joseph Prabakar
For Respondent	:	Dr.B.Ramaswamy, Sr.St.counsel

ORDER

This writ petition has been filed challenging the impugned order dated 18.03.2025 passed by the 1st respondent.

2. The learned counsel appearing for the petitioner would submit that in this case, initially, an assessment order came to be passed by the respondent-Department on 28.09.2022. Aggrieved over the said assessment order, an appeal was preferred by the petitioner and the same was disposed of by the 1st respondent vide a non-speaking order dated 11.10.2023. Thereafter, the non-speaking order was challenged before

this Court in W.P.No.36018 of 2023, which was disposed of vide order dated 04.01.2024, wherein, the appeal order dated 11.10.2023 was quashed and the matter was remanded back to the 1st respondent for fresh consideration. However, once again the Appellate Authority-1st respondent had passed a non-speaking order dated 18.03.2025, by simply stating that they completely agree with the findings made by Assessing Officer in the order dated 28.09.2022.

3. Further, he would submit that though the 1st respondent was directed to pass a detailed speaking order, they had neither made any observation nor provided any reason in the impugned order dated 18.03.2025 and thus, he would contend that the said impugned order has been passed in contrary to the order dated 04.01.2024 passed by this Court. Hence, this writ petition.

4. In reply, the learned Senior Standing counsel appearing for the respondents had confirmed the submissions made by the petitioner and would request this Court to pass appropriate orders.

5. Heard the learned counsel for the petitioner and the learned Senior Standing counsel appearing for the respondents and also perused the materials available on record.

6. In the case on hand, initially, an assessment order came to be passed by the respondent-Department on 28.09.2022. Aggrieved over the said assessment order, an appeal was preferred by the petitioner and the same was disposed of by the 1st respondent vide a non-speaking order dated 11.10.2023. Thereafter, the said non-speaking order was set aside by this Court vide order dated 04.01.2024 passed in W.P.No.36018 of 2023. The relevant portion of the said order reads as follows:

> *"5. On examining the impugned order, I find that the appellate authority has set out the grounds raised by the appellant, the written submissions of the appellant and the inferences and conclusions drawn by the assessing officer. After setting out the above, the findings and decisions are recorded in a brief paragraph. The said paragraph is set out below:*

"6.2 Findings and decision:

I have carefully considered the facts of the case as well as submissions filed by the appellant. I find no force in the arguments of the Appellant. The AO has analyzed the entire gamut of the transactions being undertaken by the Appellant, and also traced the trail of money from one company to the other. The AO has summed up the detailed inquiries in paras 7.1 to 7.6 of the assessment order and rightly concluded that the Assessee has not been able to establish the genuineness of the transaction and the credit-worthiness of the company M/s.Magunta Exports. The Appellant has not submitted any evidence in the appellate proceedings to this effect. The case laws referred to by the Assessee have been considered but they are not applicable to the facts of the Assessee's case. Accordingly, the addition of Rs.23 Crores made by the AO u/s 68 of the Income Tax Act, is hereby confirmed. The grounds of appeal no.4 and 6 are dismissed. "

From the above extract, it follows that the appellate authority has drawn the conclusion that the inferences and findings of the assessing officer are acceptable. However, there is nothing to indicate that the appellate authority independently applied his mind. The conclusions are in the nature of ipse dixit and no supporting reasons are discernible. On this sole ground, albeit without expressing any opinion on the merits of the matter, I am inclined to interfere with the appellate order.

6. Consequently, W.P.No.36018 of 2023 is allowed by quashing the impugned order dated 11.10.2023. As a corollary, the matter is remanded for reconsideration by the appellate authority. After providing a reasonable opportunity to the petitioner, the appellate authority is directed to dispose of the appeal by a reasoned order within a maximum period of four weeks from the date of receipt of a copy of this order. The petitioner is directed to extend full co-operation to ensure that the appeal is disposed of within the time limit specified above. There will be no order as to costs. Consequently, connected Miscellaneous Petitions are closed.

7. Pursuant to the above order, the matter was remanded back to the 1st respondent. Under these circumstances, the 1st respondent had once again passed a non-speaking order dated 18.03.2025, by simply stating that he had completely agreed with the findings made by Assessing Officer in the assessment order dated 28.09.2022. The impugned order dated 18.03.2025 reads as follows:

> *"1. Both the AO and the CIT(A) have passed a speaking order in this case. The CIT(A) completely agrees with the finding, observation, conclusion and opinion of the AO. As such findings and decision of the CIT(A) does not require any modification.*
>
> *2. Evidently the assesse could not prove the source of unsecured loan of Rs.230000000/- attracting the provisions of section 68. The initial onus of proving the creditworthiness of the lenders was not discharged by the assessee. In case of failure on part of the assessee to prove the capacity of the persons who alleged to have given unsecured loan to the assessee section 68 was to be confirmed. The action of the AO of adding Rs.230000000/- u/s.68 is fully confirmed."*

8. A perusal of the above order makes it clear that the Appellate Authority has confirmed the order passed by the assessing officer without providing any proper reason. Normally, when an assessment order was challenged on several grounds, the appellate authority has to deal with each and every grounds raised by the petitioner and pass a detailed speaking order by providing proper reason. However, in this case no such reason was provided by the respondent and he had

confirmed the assessment order dated 28.09.2022 by simply recording that "*the findings and decision of the Assessing Officer does not need any modification*".

9. Further, even though the assessment order was a detailed speaking order, the 1st respondent was supposed to have made proper observation and provide sufficient reasons while disposing the appeal filed by the petitioner. However, in this case, the 1st respondent has failed it to do so. In such case, this Court is of the considered view that it is just and necessary to set aside the impugned order dated 18.03.2025. Accordingly, this Court passes the following order:-

> (i) The the impugned order dated 18.03.2025 is set aside and the matter is remanded to the 1st respondent for fresh consideration.
>
> (ii) The 1st respondent is directed consider each and every grounds raised by the petitioner and dispose of the appeal by passing a detailed speaking order as expeditiously as possible.

10. With the above directions, this writ petition is disposed of. No costs. Consequently, the connected miscellaneous petitions are also closed.

16.06.2025

Speaking/Non-speaking order
Index : Yes / No
Neutral Citation : Yes / No
nsa

To

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KRISHNAN RAMASAMY.J.,

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