IN THE HIGH COURT OF JUDICATURE AT MADRAS
DATED : 23.04.2025
Coram
The Honourable **Mr.Justice Krishnan Ramasamy**

W.P.No.14307 of 2025
and
W.M.P.Nos.16107 & 16110 and 16112 of 2025

KEK Engineering Services
Represented by its Authorised Signatory
Mr. Elavarasu Krishnan 34 Elumalai Street
Pammal Chennai 600 075, Tamil Nadu India.

...Petitioner

Vs.

1 Assessment Unit
National Faceless Assessment Centre
New Delhi
2 Deputy Commissioner of Income Tax
Non Corporate Circle 22(1)
Tambaram, Chennai – 600 045,
Tamil Nadu,India.

...Respondents

Prayer

Writ Petition filed under Article 226 of the Constitution of India praying for the issuance of a Writ of Certiorari to call for records and to quash the impugned order in PAN AALFK2238B passed by the First Respondent under section 143(3) read with section 144B of the Income Tax Act 1961 dated 25.03.2025 for the AY 2023-24 in DIN ITBA/AST/S/143(3)/2024-25/1074976321(1).

For Petitioner : Mr.N.V.Balaji
For Respondent : Mr.B.Ramanakumar
Senior Standing Counsel

Order

Heard Mr.N.V.Balaji learned counsel appearing for the petitioner and Mr.B.Ramanakumar, learned Senior Standing Counsel who takes notice on behalf of the respondents. With consent, the main Writ Petition is taken up for final disposal at the stage of admission itself.

2. The challenge in this Writ Petition is to the order passed by the first respondent under section 143(3) read with section 144B of the Income Tax Act 1961 dated 25.03.2025 for the AY 2023-24.

3. The learned counsel appearing for the petitioner would submit that the petitioner the respondent issued a show cause notice dated 17.02.2025, to which, the petitioner filed their reply on 24.02.2025 along with supportive documents, viz. 400 sample invoices evidencing the nature of expenses incurred during the subject assessment year; that, since the Income Tax portal allows only 5 MB per attachment, the petitioner compressed 400 invoices into 40 attachments and due to some technical glitch in the said process, the data in the invoices either vanished or became illegible, and the petitioner was totally aware that using a compressor merge tool would make the date on PDF file illegible, and therefore, the petitioner was completely unaware of the said error until the receipt of the assessment order.

3.1 The learned counsel for the petitioner assailed the impugned order by primarily contending that video conferencing was conducted on 17.03.2025, i.e. after a month's time from which, the documents were uploaded, but, not even once the petitioner was informed that the documents uploaded were illegible and therefore, the same needed to be re-uploaded in a readable format, had the respondent done so, the petitioner would have immediately re-uploaded all the documents, but, the first respondent, without doing so, and without given an opportunity to the petitioner to re-upload the documents, passed the impugned order. Therefore, the learned counsel submits that the impugned order suffers from gross violation of principles of natural justice.

4. Per contra, learned Senior Standing Counsel for respondents would submit that the petitioner while filing their return of income for the subject assessment year shown purchase of Rs.27,23,97,792/- however, since no details related to said purchase were found, a show cause notice was issued to the petitioner-assessee; that in response, though the petitioner-assessee filed reply along with supportive documents, viz., the invoices pertaining to the purchase, only invoice to the extent of Rs.3,45,65,322/- are found in order, whereas, certain invoice bills were not legible and clear, and further, they are not related to the concerned year, and therefore, the respondent passed the impugned order, disallowing the claim of 50%.

5. I have given due considerations to the submission made on either side and perused the materials available on record.

6. The petitioner is a Partnership Firm engaged in the business of provision of manpower services to Mahindra and Mahindra Ltd.. The petitioner's case was selected for scrutiny, and after certain exchange of notices and responses between the respondent and the petitioner, a show cause notice was issued by the respondent on 17.02.2025 proposing variations to the income tax returns. The petitioner filed their reply dated 26.02.2025 to the said show cause notice along with supportive documents, viz. 400 sample invoices evidencing the nature of expenses incurred during the subject assessment year.

6.1 According to the petitioner, since the Income Tax portal allows only 5 MB per attachment, the petitioner compressed 400 invoices into 40 attachments and filed the documents, however, the aspect that using a compressor merge tool would make the date on PDF file illegible, was completely unknown to the petitioner at the time of filing of those documents. In fact, the petitioner was completely unaware of the fact that due to said technical glitch, the some of the bills and vouchers submitted by them have got blurred and illegible until the receipt of the assessment order.

6.2 Thus, it is the bone of contention of the petitioner when the respondent found that certain bills and vouchers submitted by the petitioner were found to be blurred and illegible, they could have brought the same to the notice of the petitioner by providing one more opportunity to submit the documents. In fact, even during the video conferencing, that was conducted on 17.03.2025, which was much after a month's time from which, the documents were uploaded by the petitioner, the respondent has not raised any queries as regards the legibility of the documents submitted by the petitioner. Further, even between the two dates, during which time, there were communications and grievance exchanged between the petitioner and the respondent, not even once the petitioner was informed that the documents uploaded were illegible and therefore, the same need to be uploaded again in a readable format. Had the respondent brought the same to the notice of the petitioner, the petitioner would have, perhaps, produced clear copies of those documents, which would have paved a way for dropping of the assessment proceedings. Whereas, the respondent, without exploring such possibility for re-uploading the documents passed the impugned order, which necessitated the petitioner to approach this Court seeking for the relief, as stated supra.

6.3 Thus, when it is the contention of the respondent that some of the bills and vouchers were found to be blurred and illegible; that they were related to purchases that should have been capitalized; that they does not seem to be revenue expenses, and only the invoice bills and vouchers to an extent of Rs.3,45,65,322/- were found in order and satisfactory, and out of the total claim made by the petitioner, which is to an extent of Rs.27,23,97,792/- an amount of Rs.23,78,32,470/- (27,23,97,792-3,45,65,332) remains unverified, and thereby, proposed to disallow the claim to an extent of 50%, which come to a sum of Rs.11,89,16,235/-, the respondent before confirming the proposal, could have afforded an opportunity of hearing to the petitioner and called for those documents, which were blurred and illegible, which occurred due to some technical glitches.

6.4 It would not be out of place to mention here, when it comes to income tax assessments, the Assessing Officer is expected to do certain exercise by abiding the principles of equity and natural justice, so as to ensure that assessments are done in an equitable manners, by giving the assesees, their right to show cause as to why, the proposal contained in the show cause notice should not be confirmed, by providing the assessees sufficient time and opportunity to putfoth their case and evidence and let the assessee to defend themselves before passing any adverse order. In the present case, such exercised has not been carried out by the respondent, which really creates suspicion in the mind of the Court. Therefore, as rightly contended by the learned counsel for the petitioner the impugned order suffers from gross violation of principles of natural justice and hence, this Court is inclined to set aside the impugned order.

6.5 Accordingly, this Court is inclined to pass the following order/directions:-

i) The impugned order passed by the first respondent dated 25.03.2025 is set aside.

ii) The matter is remanded to the first respondent for fresh consideration

iii) The petitioner is directed to file/produce documents, as requested by the respondent within a period of two weeks from the date of receipt of a copy of this order. In the event, the petitioner intends to file any additional documents, the same shall also be filed within the time as stipulated by this Court.

iv) Thereupon, the first respondent is directed to issue a 14 clear days notice affording an opportunity of hearing to the petitioner, and after perusing the documents and hearing the petitioner, shall decide the matter in accordance with law.

7. In the result, the Writ Petition is allowed on the aforesaid terms. No costs. Consequently, connected Miscellaneous Petitions are closed.

23.04.2025

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Index : yes/no
Neutral Citation : yes/no

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Krishnan Ramasamy,J.,

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