IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 18.12.2025

CORAM :

THE HONOURABLE MR. MANINDRA MOHAN SHRIVASTAVA,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.A.No.3896 of 2025
and
C.M.P.No.31735 of 2025

Sohan Raj Khanted Guvanthraj,
17, Krishna Iyer Street,
Sowcarpet, Chennai - 600 079. .. Appellant

Vs.

1.The 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,
National Faceless Assessment Centre,
2nd Floor, E-Ramp,
Jawaharlal Nehru Stadium,
New Delhi - 110 003.

3.The Assistant Commissioner of Income Tax,
Non-Corporate Circle 4(1),
II Floor, BSNL Tower,
No.16, Greams Road,
Chennai – 600 006.

4.The Principal Commissioner of Income Tax,
Range 8, II Floor, BSNL Tower,
No.16, Greams Road,
Chennai – 600006. .. Respondents

Prayer: Appeal filed against the order passed by this Court in W.P.No.34788 of 2023 dated 27.02.2025.

For Appellant : Mr.Tushar Jarwal
for Mr.Joseph Prabakar

For Respondents : Dr.B.Ramasamy
Senior Standing Counsel

JUDGMENT

(Judgment of the Court was delivered by G.Arul Murugan, J.)

This intra court appeal is filed assailing the order of the writ court dated 27.02.2025, whereby the challenge made to the order of the First Appellate Authority was rejected and the petitioner was relegated to file statutory appeal.

2. Heard Mr.Tushar Jarwal, learned counsel for the appellant and Dr.B.Ramasamy, learned Senior Standing Counsel for the respondents.

3. The appellant, a shareholder in M/s.Sunstar Hotels and Estates Private Limited, had filed return of income for the assessment year 2018-19 declaring total income of Rs.18,77,09,945/-. An order of assessment was passed by the National Faceless Assessment Centre, Delhi, on 27.09.2021 and an addition of Rs.6 Crores was made under Section 69A of the Income Tax Act, 1961 read with Section 115 BBE of the Act.

4. The appellant admitted that there was an inadvertent error while uploading, which resulted in certain non-disclosure of income from other sources. The assessment order was challenged before the CIT(A), National Faceless Appeals Centre, Delhi. It was the main contention of the appellant that the receipt of interest would not fall within the scope of Section 69A of the Act. The First Appellate Authority, by order dated 10.10.2023, dismissed the appeal. Without preferring further statutory appeal, the appellant had preferred the writ petition challenging the order of the First Appellate Authority, which came to be dismissed.

5. The learned counsel for the appellant though fairly admitted that they have a remedy of appeal, but contended that since the issue involves question of law to be decided, they have rightly approached the writ court and exhaustion of alternative remedy is not an absolute bar. Since an addition has been made which does not fall within the scope of the provision, the writ petition is maintainable.

6. At the outset, we are not impressed with the contention, that since the issue involves question of law, the order could be challenged in the writ petition without exhausting the appellate remedy. The return of income filed by the appellant for the assessment year 2018-19 was considered and the National Faceless Assessment Centre, Delhi, made an assessment order on 27.09.2021. An addition for a sum of Rs.6 Crores was made under Section 69A of the Income Tax Act, 1961 read with Section 115 BBE of the Act. The appellant had challenged the assessment before the First Appellate Authority.

7. The contention of the appellant that the receipt of interest would not fall under Section 69A of the Act was negatived and the appeal came to be rejected. The appellant ought to have preferred the statutory appeal before the Tribunal. Having initially opted the right course by filing first appeal, suddenly the appellant shifted his course and preferred the writ petition.

8. The writ court noted that the appellant had extended loan of Rs.40 Crores to M/s.Sunstar Hotels and Estates Private Limited during the financial year 2015-16 and was in receipt of interest at 15% per annum. The department had contended that it is the colourable device to hide the origin and the interest of Rs.6 Crores is not in the nature of interest received on loan. The writ court, having found that the issue involved disputed questions of fact, had refused to entertain the writ petition and relegated the appellant to avail the alternative remedy by filing the statutory appeal.

9. Even otherwise, when the appellant has an efficacious alternative remedy available by filing a statutory appeal, in the absence of any special circumstances with respect to the jurisdiction or allegation of malafide, there was no reason for the appellant to ignore the statutory remedy and directly approach this Court by invoking the extraordinary jurisdiction under Article 226 of the Constitution of India.

10. The appellant is not able to demonstrate any special circumstances and further the Tribunal is the competent authority to adjudicate all the factual and legal aspects. We see no infirmity or any reason to interfere in the order of the writ court.

11. In view of the above, the writ appeal stands dismissed. There shall be no order as to costs. Consequently, the interim application is closed. This order, however, shall not come in the way of the petitioner in availing alternate appellate remedy. Further, period during which this petition remained pending shall be excluded in reckoning period of limitation.

(MANINDRA MOHAN SHRIVASTAVA, CJ)   (G.ARUL MURUGAN,J)
18.12.2025

Index : Yes/No
Neutral Citation : Yes/No

sri

To

1.The 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,
National Faceless Assessment Centre,
2nd Floor, E-Ramp,
Jawaharlal Nehru Stadium,
New Delhi - 110 003.

3.The Assistant Commissioner of Income Tax,
Non-Corporate Circle 4(1),
II Floor, BSNL Tower,
No.16, Greams Road,
Chennai – 600 006.

4.The Principal Commissioner of Income Tax,
Range 8, II Floor, BSNL Tower,
No.16, Greams Road,
Chennai – 600006.

THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

sri

W.A.No.3896 of 2025
and C.M.P.No.31735 of 2025

18.12.2025