IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 09.12.2025

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THE HONOURABLE MR.JUSTICE **C.SARAVANAN**

W.P.No.32014 of 2025
and
W.M.P.Nos.35874 and 35875 of 2025

M/s.Shoreline Development Ltd
Represented by its Director
Level 7, Capital Towers,
555, Anna Salai,
Teynampet, Chennai 600 013.
PAN:AABCS0435M ... Petitioner

-Vs-

1. The Principal Commissioner of Income Tax-3,
Chennai.
Income Tax Department,
No.121, Nungambakkam High Road,
Chennai – 600 034.

2. The Income Tax Officer,
Corporate Ward 3(1), Chennai
Income Tax Department
No.121, Nungambakkam High Road,
Chennai – 600 034.

3. The Central Processing Centre,
Income Tax Department,
Bangalore – 560 500.

4. The National Faceless Appeal Centre,
Income Tax Department,
C-Block, 4th Floor,
S.P.M.Civic Centre,New Delhi – 110 001. ….Respondents

Prayer:- Writ Petition filed under Article 226 of Constitution of India for the issuance of Writ of Certiorarified Mandamus, to call for the records of the Writ Petitioner Company/Assessee on the file of the second respondent to quash the impugned intimation issued through e-mail communication by the 3rd respondent under Section 245 of the Income Tax Act, 1961 in DIN:CPC/2425/G23/517947747 dated 22.01.2025 leading to the adjustment of refund pertaining to Assessment Year 2024-25 towards the disputed demand pertaining to the Assessment Year 2015-16 and consequently direct the 2nd & 3rd respondent to refund the amounts collected in excess thereof.

For Petitioner : Mr.A.S.Sriraman

For Respondents : Mrs.S.Premalatha,
Senior Standing Counsel

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ORDER

This is the second round of litigation before this Court.

2. Earlier, the petitioner suffered an adverse assessment order dated 27.12.2017 for the Assessment Year 2015–2016. Aggrieved by the said order, the petitioner filed an appeal before the Appellate Commissioner under Section 246-A on 27.01.2018, which culminated in the order dated 19.06.2024, whereby the Appellate Commissioner dismissed the appeal filed by the petitioner against the aforesaid assessment order. Aggrieved by the said order, the petitioner approached this Court in W.P. No. 19057 of 2024.

3. This Court vide order dated 05.08.2024 observed as under:

> "*5. In the present case, the first respondent provided an option to opt for personal hearing either in person or through Video Conferencing. The petitioner has opted for personal hearing through Video Conferencing. However, the respondents have failed to provide an opportunity to the petitioner to appear through Video Conferencing to present the case. Without providing an opportunity of personal hearing to the petitioner, the impugned order was passed on 19.06.2024.*
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> *6. If any order is passed without providing an opportunity of personal hearing, it is clearly amounts to violation of principles of natural justice. When the respondent intended to pass orders against the petitioner, it is the bounden duty of the respondent to provide an opportunity of the personal hearing through Video Conferencing, as the petitioner opted to appear through Video Conferencing to present his case. When the Video Conferencing option was opted by the petitioner, such option was not provided by the respondent. Thus, it violates the principles of natural justice, and on this score alone, the present impugned order is liable to be set-aside. While setting aside the impugned order, this Court is inclined to remand the matter back to the Appellate Authority for passing fresh order in accordance with law after affording an opportunity of personal hearing through Video Conferencing. The aforesaid exercise is directed to be completed by the first respondent/Appellate Authority within a period of four months from the date of receipt of a copy of this order.*"

4. It is informed by the petitioner that although there was a direction to the Appellate Commissioner to dispose of the appeal in accordance with law after giving the petitioner an opportunity of being heard, even after one month, the petitioner has neither been heard nor any orders have been passed by the Appellate Commissioner.

5. The learned counsel for the petitioner submits that meanwhile, with respect to the refund of the tax amount for the Assessment Year 2024–2025, the petitioner’s refund of Rs. 84,54,600/- has been appropriated towards the petitioner’s tax liability arising from the assessment order dated 27.12.2017 passed for the Assessment Year 2015-2016, which was under challenge before the Appellate Commissioner in the appeal decided on 19.06.2024.

6. The learned counsel for the petitioner further submits that the petitioner had duly informed the respondent that in terms of the decision of this Court in **W.P. No. 2334 of 2022** dated **01.08.2023**, the excess amount has to be refunded pending disposal of the appeal.

7. It is also submitted by the learned counsel for the petitioner that the petitioner informed the respondent to refund the amount or in the alternative to retain the amount strictly in terms of the order dated 05.08.2024 of this Court in W.P. No. 19057 of 2024.

8. On the other hand, the learned counsel for the respondent has filed Counter Affidavit whrein it has been stated as follows:

> *It is seen that the petitioner should apply for stay of demand before the Jurisdictional Assessing Officer on payment of 20% of the disputed demand. From the records it is seen that the petitioner has neither paid 20% of the disputed demand nor applied for stay of demand. In the petitioner's case the Ld.CIT(Appeal), NFAC, Delhi vide order u/s.250 of the I.T.Act, 1961 dated 19.06.2024 in DIN&Order No.ITBA/NFAC/S/250/2024-25/1065804119(10 has confirmed the addition made by the Assessing Officer for an amount of Rs.2,35,64,077/- u/s.43CA of the Income Tax Act, 1961 and dismissed the assessee appeal. The Hon'bel Madras High Court vide order in Writ Petition No.19057 of 2024 dated 05.08.2024 received in the o/o CIT (Judicial), Chennai on 13.12.2024, set-aside the order of CIT(A) dated 19.06.2024, for passing fresh order in accordance with law after affording an opportunity of personal hearing to the assessee through Video Conferencing. Hence, only set aside appeal is pending before CIT(A), NFAC, Delhi and not the first appeal of the assessee. Since first appeal has been dismissed, the entire demand raised and pending is collectible from the petitioner.*

Therefore, the 3rd respondent has not erred in collecting/adjusting the refund qualified in AY 2024-25 for the demand out standing in respect of the AY 2015-16.

9. Further, the learned counsel for the respondent submits that the adjustment of the aforesaid amount towards the tax liability of the petitioner for the Assessment Year 2015-2016 was made after due intimation under Section 245 CPC on 22.01.2025.

10. Have considered the submissions made by the learned counsel for the petitioner and the learned counsel for the respondent.

11. This Writ Petition is disposed of by granting liberty to the petitioner to file a suitable application for stay under Section 220(6) of the Income Tax Act, 1961. While considering such application, the respondent shall comply with the circulars issued by the Board and proceed to refund the amount to the petitioner as expeditiously as possible, preferably within a period of three months from the date of receipt of a copy of this order.

12. Simultaneously, there shall be a direction to the Appellate Commissioner to dispose of the pending appeal on merits pursuant to the order dated 05.08.2024 of this Court in W.P. No. 19057 of 2024.

13. The Writ Petition is disposed of with the above observation. No costs. Connected W.M.Ps. are closed.

09.12.2025

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Neutral Citation : Yes/No

To

1.Assistant Commissioner of Income Tax,
DC/AC, Central Circle-1(2)
No.46 (Old No.108), Mahatma Gandhi Road,
Chennai-34.

2. Director General of Investigation,
No.46, (Old No.108), Mahatma Gandhi Road,
Chennai-34.

C.SARAVANAN, J.

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