BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 25.11.2025

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THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P(MD)No.8587 of 2023
and
W.M.P.(MD)Nos.7890 & 7893 of 2023

The Principal Officer,
M/s.Vedanta Limited,
Rep. by its Head (Taxation),
Mr.J.Janakiram S/o.Viswanathan Jaganmohan,
Aged 39 years,
Sterlite Copper,
SIPCOT Industrial Complex,
Madurai By-pass Road,
Tuticorin-628002. ... Petitioner

Vs.

1.The Assistant Commissioner of Income Tax,
International Taxation Circle,
No.2, V P Rathinasamy Nadar Road,
CR Building, Bibikulam,
Madurai-625 002.

2.The Commissioner of Income Tax (International Taxation)
4th Floor, Tower-1, BSNL Building,
16, Greams Road,
Chennai-600 006. ... Respondents

Prayer : Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Certiorari, calling for the records in DIN. ITBA/COM/F/17/2022-23/1050056984(1) dated 23.02.2023 on the file of the 1st respondent relating to A.Y.2016-17 and quash the same.

For Petitioner : Mr.G.Baskar

For Respondents : Mr.N.Dilipkumar

ORDER

Heard both sides.

2. The case on hand pertains to the financial year 2015-16. Notice initiating proceedings under Section 201(1)/201(1A) of the Act, 1961 was issued on 01.03.2021. The petitioner submitted their reply. The impugned order came to be passed on 23.02.2023. Challenging the same, this writ petition has been filed.

3. The learned counsel for the petitioner reiterated all the contentions set out in the affidavit filed in support of the writ petition and called upon this Court to set aside the impugned order as time barred. The respondents filed counter affidavit and the learned standing counsel took me through its contents.

4. It is submitted that seven years should be taken as reasonable period and if so viewed, the impugned order cannot be characterized as time barred. Since the learned counsel for the petitioner relied on the order dated 29.08.2025 made in W.A.(MD)No.373 of 2023 etc., batch, the learned standing counsel submitted that the department is contemplating in filing an appeal before the Hon'ble Supreme Court against the said order.

5. I carefully considered the rival contentions and went through the materials on record.

6. The only question that calls for consideration is whether the impugned order is vitiated on the ground of limitation. The argument of the learned counsel for the writ petitioner is that the limitation period of six years should be computed with effect from 31.03.2016. Six years limitation period ends on 31.03.2022. Even though the notice was initiated well within time, the final order came to be passed beyond the limitation period. Whether six years should be taken as reasonable time for passing the order as claimed by the petitioner's counsel or seven years as contented by the learned standing counsel. In my view, the issue is no longer *res integra*. Vide order dated 29.08.2025 in W.A.

(MD)No.373 of 2023 etc., batch, the Hon'ble Division Bench of this Court (to which I was a party) had held as follows:-

> “15.Looked at from this perspective, if at all, while seven years can be the outer limit, it cannot become the touchstone to test all the impugned orders on that basis. In respect of the assessment years 2010-11 and 2011-12, show cause notices were issued in Feb/March 2017. Final orders were passed on 31.03.2017. Good enough !. But in respect of the assessment years 2012-13 and 2013-14, show cause notices were issued only on 31.01.2018. While final order was passed in one case on 28.03.2019, in the other, final order was passed only on 22.03.2021. Show cause notices for the other two assessment years were issued only on 01.03.2021. The appellant is the assessee in respect of all the six assessment years. The subject matter is the same in respect of all the impugned orders. The recipient in all the cases is also the same entity. Since payment to overseas entity is involved, the assessee falls under the International Taxation Circle. Nothing stopped the department from issuing notices in respect of the assessment years commencing from 2012-13 to 2015-16 when they issued show cause notice on 08.02.2017 for the first time for the AY 2011-12. Even if seven years is taken as the yardstick, while it is possible to save the orders dated 31.03.2017 on that ground, the same logic cannot obviously be extended to the orders passed in respect of the other assessment years. There is no earthly reason as to why simultaneous action was not initiated in respect of all the assessment years in Feb 2017 itself. Admittedly, by then, the assessment year 2015-16 had already ended. The moot question is why show cause notice in respect of the assessment years 2014-15 and 2015-16 were issued only on 01.03.2021. If seven years can be a reasonable period for the assessment year 2010-11 and 2011-12, it definitely cannot be a reasonable period for passing an order under Section 201 of the Act for the assessment years 2014-15 or 2015-16. In other words, seven years cannot be the reasonable for all the subject assessment years. 'One-size-fits-all' approach ill-fits the facts on hand. We

have to observe that the department did not conduct itself reasonably but for reasons best known to it, delayed things in respect of AY 2012-13 to 2015-16.

16.We have found an easier way to resolve the issue. The learned Single Judge had rightly observed that the period of limitation has been varied from time to time. Section 201 had been amended yet again. This time, the distinction between residents and non-residents has been done away with. Both types of transactions have been placed on the same footing. Limitation period is now six years. This is the position w.e.f 01.04.2025. It is true that when the impugned orders were passed, the statute had prescribed seven years as limitation in respect of payments made to residents. For the reasons indicated in the previous paragraph, we cannot reckon seven years as the reasonable period for all the six assessment years. We are, therefore, of the view that taking six years which is now the statutorily mandated period can be taken as the reckoning yardstick."

7. As on date, the order dated 29.08.2025 passed by the Division Bench is holding good. So long as it is holding good, sitting singly, I am obliged to follow the same. In this view of the matter, the impugned order is set aside on the ground that it was passed beyond the reasonable time. The Writ Petition is allowed. No costs. Consequently, connected miscellaneous petitions are closed.

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Index : Yes / No
Internet : Yes/ No
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G.R.SWAMINATHAN, J.

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