HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD
(Special Original Jurisdiction)

MONDAY, THE TWENTY EIGHTH DAY OF APRIL
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE SRI JUSTICE P.SAM KOSHY
AND
THE HONOURABLE SRI JUSTICE NARSING RAO NANDIKONDA

WRIT PETITION NO: 35361 OF 2024

Between:

Sreedevi Seelam, W/o Seelam Vasudeva Rao, Aged about 61 years, Occupation. Business, R/o. Plot No.119 Vinayaka Nagar, Gachibowli, Hyderabad 500032, Telangana, India. PAN. ASGPS3946K, Assessment Year. 2015-16

...PETITIONER

AND

1. The Income Tax Officer Ward 11(1), Hyderabad Signature Towers, Sy.No.6(P) of Kondapur, Sy.37(P) of Kothaguda, Opp. Botanical Gardens, Serlingampally(M), R.R.District, Hyderabad 500084, Telangana.
2. The Principal Commissioner of Income Tax., Telangana and A.P, Hyderabad, IT Towers, AC Guards, Masab Tank, Hyderabad -500028, Telangana.
3. The Central Board of Direct Taxes, Represented by its Chairman, Department of Revenue, Ministry of Finance, Government of India, Secretariat Buildings, New Delhi - 110 001.
4. The National Faceless Assessment Center, Income Tax Department, New Delhi.
5. The Union of India, Represented by its Secretary to the Government, Department of Revenue, Ministry of Finance, New Delhi - 110 001.

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue a Writ Order, or Direction more particularly one in the nature of Mandamus, declaring the order passed by the Income Tax Authorities (National Faceless E-Assessment Centre completed the assessment U/S 147 r.w.s 144 read with section 144B of the Income Tax Act, 1961 vide DIN and Notice No. dated 28/03/2024 ITBA/AST/S/147/2023-24/1063642579(1) for the assessment year 2015-16 determining the total income of Rs 1,31,13,094/- as arbitrary, illegal, bad in law, without jurisdiction, void-ab-initio, violative of the principles of natural justice apart from being violative of Articles 14, 19(1)(g) and 265 of the

Constitution of India and Sec. 148A of the. Income Tax Act, 1961, and consequently set aside the same in the interests of justice.

IA NO: 1 OF 2024

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the order Under section 147 r.w.s 144 read with section 144B of the Income Tax Act, 1961 vide DIN and Notice No. dated 28/03/2024 ITBA/AST/S/147/2023-24/1063642579(1) for the assessment year 2015-16 determining the total income of Rs 1,31,13,094/- and Demand notice u/s 156 of the Income Tax act 1961, vide DIN and Notice No. ITBA/AST/S/156/2023-24/1063642712(1) Dt. 28/03/2024 for the assessment year 2015-16 pending disposal of the above Writ Petition.

Counsel for the Petitioner: SRI THANNERU CHAITANYA KUMAR
Counsel for the Respondent Nos.1 TO 4: M/s. J.SUNITHA, JUNIOR SC FOR INCOME TAX
Counsel for the Respondent No.5: SRI B.MUKHERJEE, SC FOR CENTRAL GOVT.

The Court made the following: ORDER

THE HONOURABLE SRI JUSTICE P.SAM KOSHY
AND
THE HONOURABLE SRI JUSTICE NARSING RAO NANDIKONDA

WRIT PETITION No.35361 OF 2024

ORDER: *(per Hon'ble Sri Justice Narsing Rao Nandikonda)*

Heard Mr. Thanneru Chaitanya Kumar, learned counsel for the petitioner, Ms. J.Sunitha, learned Junior Standing Counsel for the Income Tax Department for respondent Nos.1 to 4 and Mr. B. Mukherjee, learned counsel representing the Union of India for respondent No.5. Perused the record.

2. This is a writ petition where the proceedings are either challenged to the notices which were issued under Section 148A and 148 of the Income Tax Act, 1961 (for short 'the Act') or the assessment orders those have been passed under Section 147 of the Act which have been assailed.

3. This writ petition is being taken up today only on one of the grounds, that the notices issued under Section 148A of the Act and the subsequent initiation of proceedings under Section 148 of the Act by the jurisdictional Assessing Officer, whereas in terms of the amendment that was brought to the Income Tax Act by way

of Finance Act, 2021 w.e.f., 01.04.2021 onwards, proceedings under Section 148A of the Act as also under Section 148 of the Act ought to have also been issued and proceeded in a faceless manner.

4. The contention of the petitioner is that the issue of proceedings being in violation of the Finance Act, 2021 i.e., the impugned notices under Section 148A and Section 148 of the Act not being issued in a faceless manner, have already been dealt with and decided by this Court in the case of **KANKANALA RAVINDRA REDDY vs. INCOME-TAX OFFICER**[1] decided on 14.09.2023 whereby a batch of writ petitions were allowed and the proceedings initiated under Section 148A as also under Section 148 of the Act were held to be bad with consequential reliefs on the ground of it being in violation of the provisions of Section 151A of the Act read with Notification 18/2022 dated 29.03.2022. The said judgment passed by this Court has also been subsequently followed in a large number of writ petitions which were allowed on similar terms.

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[1] [(2023) 156 taxmann.com 178 (Telangana)]

5. Down the line, we find that the same issue has also been decided against the Revenue by various High Courts i.e., by the Bombay High Court in the case of **HEXAWARE TECHNOLOGIES LTD., vs. ASSISTANT COMMISSIONER OF INCOME TAX & OTHERS**[2], Gauhati High Court in the case of **RAM NARAYAN SAH vs. UNION OF INDIA**[3], Punjab and Haryana High Court in the case of **JATINDER SINGH BANGU vs. UNION OF INDIA**[4], and Telangana High Court in the case of **SRI VENKATARAMANA REDDY PATLOOLA vs. DEPUTY COMMISSIONER OF INCOME TAX**[5] where the issue was in respect of international taxation, Bombay High Court in the case of **ABHIN ANILKUMAR SHAH vs. INCOME TAX OFFICER, INTERNATIONAL TAXATION**[6] which is again on international taxation and central circle, High Court of Himachal Pradesh in the case of **GOVIND SINGH vs. INCOME TAX OFFICER**[7], Gujarat High Court in the case of **MANSUKHBHAI**

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[2] [2024] 464 ITR 430 (Bom)
[3] [(2024) 156 taxmann.com 478 (Gauhati)]
[4] [(2024) 165 taxmann.com 115 (Punjab & Haryana)]
[5] [2024) 167 taxmann.com 411 (Telangana)]
[6] [2024) 166 taxmann.com 679 (Bombay)]
[7] [2024) 165 taxmann.com 113 (Himachal Pradesh)]

DAHYABHAI RADADIYA vs. INCOME TAX OFFICER, WARD 3(3)(5)[8], Jharkand High Court in the case of **SHYAM SUNDAR SAW vs. UNION OF INDIA**[9], Rajasthan High Court in the case of **SHARDA DEVI CHHAJER vs. INCOME TAX OFFICER & ANOTHER** and batch of writ petitions[10] which stood decided on 19.03.2024. Similar views have also been taken by the Division Bench of Calcutta High Court in the case of **GIRDHAR GOPAL DALMIA vs. UNION OF INDIA & ORS** (M.A.T 1690 of 2023), decided on 25.09.2024.

6. Even though the same issue having been decided by a large number of High Courts, we are still confronted with large filing of identical matters on daily basis ranging between 5 to 10 writ petitions. That upon the instructions being sought from the Department, they have been taking a solitary ground that the decision of the Bombay High Court in the case of ***Hexaware Technologies Ltd.,*** (2 supra) as also the one which has been decided by this Court in the case of ***Kanakala Ravindra Reddy***

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[8]2024 SCC OnLine Guj 4012
[9] 2025 SCC OnLine Jhar 287
[10][2023: RJ-JD:4984-DB]

(1 supra) has been subjected to challenge in a Special Leave Petition i.c., SLP No.3574 of 2024 before the Hon'ble Supreme Court and the Hon'ble Supreme Court is seized of the matter. In addition, there are about 1200 SLPs also filed arising out of the same issue being decided by various High Courts.

7. To a query being put to the learned counsel for the Revenue, they have categorically accepted the fact that there is no interim order granted by the Hon'ble Supreme Court in any of these matters pending before it. Meanwhile, fresh writ petitions of identical nature are being piled up before this Bench on daily basis and the pendency is getting increased on matter which otherwise has already been dealt and decided by this very High Court itself.

8. On the one hand, even though the order of this Court that was passed as early as on 14.09.2023 and more 16 months have lapsed, till date, we do not find any remedial steps having been taken by the Income Tax Department to take appropriate steps to either hold back issuance of notice under Section 148A and under Section 148 of the Act by the jurisdictional Assessing Officer, rather the authorities concerned in the teeth of series of decisions

by all the major High Courts in India are continuously still initiating proceedings under Section 148A of the Act and also initiating proceedings under Section 148 of the Act in contravention to the amendments brought into the Income Tax Act pursuant to the Finance Act, 2020 as also the Finance Act 2021.

9. Upon a query being put as to why can't this writ petition be disposed of in the teeth of the decision rendered by this Court in the case of ***Kanakala Ravindra Reddy*** (1 supra), learned Standing Counsel for the Income Tax Department contends that those would unnecessarily burden the Income Tax Department where they would be required to file equal number of SLPs before the Hon'ble Supreme Court and it would be further burdening the exchequer of the Union of India. It was also the contention of the learned Standing Counsel that no prejudice would be caused to the interest of the petitioners in case if this writ petition is kept pending till the finalization of the SLPs pending before the Hon'ble Supreme Court and the fact that the petitioner is already enjoying the benefit of interim protection. Nonetheless, on the earlier query of this Court as to why the Income Tax Department have not come out with a mechanism to issue appropriate instructions or to take

appropriate steps in ensuring that proceedings under Section 148A of the Act as also the assessment orders under Section 148 of the Act are kept in a hold in the light of the decisions dedcided by the various High Courts, it was submitted by the learned Standing Counsel that the said steps can only be taken at the level of CBDT as any such steps would have to be taken Pan India and cannot be limited to any of these jurisdictional High Courts.

10. As a result of which, what we are facing is steep increase of litigation day in and day out even though various orders have been passed by this High Court allowing writ petitions on the very same issue. The Income Tax authorities concerned are still even now in 2025 also initiating proceedings in contravention to the provisions of Section 151A of the Act and as a result by now, more than 600 to 700 petitions have been already got piled up before this High Court on an issue which otherwise stands squarely covered by the judgment of this Court in the case of ***Kanakala Ravindra Reddy*** (1 supra). What is also surprising is the fact that though while allowing the writ petitions in the case of ***Kanakala Ravindra Reddy*** (1 supra), the Division Bench while reserving the right of the Revenue, has also protected the interest of the petitioners

insofar as the liberty which was granted to the Revenue for initiating fresh proceedings strictly in accordance with the amended provisions of the Act, as amended by the Finance Act, 2020 and the Finance Act, 2021. The petitioner assessee would be entitled to challenge or raise the other legal objections if the Revenue initiates fresh proceedings. The Department has made no endeavour in availing the said liberty that was reserved for the Revenue. On the contrary, they have been still sticking on to the stand, which this High Court as well as many other High Courts already held to be bad.

11. It appears that because of the aforesaid liberty that this High Court had granted permitting the Revenue for initiating fresh proceedings as a one-time measure in a faceless manner, the Income Tax Department wants to take advantage of the same by protracting these proceedings which would enable them to meet the limitation that would otherwise come in the way. Likewise, if the writ petition is kept pending for a considerable long period of time and finally at a later stage if the Hon'ble Supreme Court confirms the decision taken by this High Court as also by the other High Courts in which the SLPs are still pending, the Income Tax

Department would get the advantage of the liberty that is otherwise protected in favour of the Revenue for initiation of fresh proceedings from the disposal of these matters at a much later stage which would be advantageous and beneficial to the Revenue and would be equally disadvantageous and detrimental so far as interest of the assesses are concerned. As a consequence, the Income Tax Department gets an extended period of time for initiation of fresh proceedings.

12. The alarming trend of docket explosion in this Court, despite the clear precedent set in ***Kanakala Ravindra Reddy*** (1 supra), is a matter of grave concern. The Income Tax Department's persistent initiation of fresh proceedings, disregarding the established judicial pronouncements, has led to an unprecedented surge in litigation with over 600-700 petitions piling up on the same issue. This deliberate approach not only undermines the principle of judicial precedent but also strains the judicial resources unnecessarily. The Department's strategy of awaiting the Supreme Court's decision on pending SLPs while continuing to initiate fresh proceedings appears to be a calculated move to buy time and circumvent limitation periods, rather than adhering to the established legal

position. Such conduct raises serious questions about the administrative efficiency and the respect for judicial pronouncements, particularly when this Court has already provided a balanced approach by preserving both the Revenue's rights and assesses interests.

13. Another aspect which needs to be considered is that in fact it should have been realized by the Income Tax Department itself and should have found out via media in ensuring that proceedings under Sections 148-A and 148 should not have been issued in a faceless manner, at least till the Hon'ble Supreme Court decide the twelve hundred (1200) odd SLPs which it is already seized of or, at least the Income Tax Department should have found out some remedial steps to ensure that wherever the authorities intend to initiate proceedings under Sections 148-A and 148, other than in a faceless manner, the proceedings should have been deferred without precipitating the matter further intimating the assessee that they shall initiate appropriate proceedings only after the SLP's are decided by the Hon'ble Supreme Court on the very same issue. This again, the Income Tax Department, has not been able to give a convincing reply, except for the fact that such a decision if at all

has to be taken, has to be taken for the whole of India, and which otherwise has to be by way of a policy decision and that too at the level of Central Board of Direct Taxes. Though the learned Standing Counsel for the Income Tax Department contended that the Delhi High Court dismissed a writ petition of similar nature, on the one hand when the High Court is struggling to reduce its pendency, such notices which are under challenge in this writ petition are forcing the assessee to knock the doors of this High Court resulting in filing of hundreds of new writ petitions which in the long run not only affects the disposal of the writ petitions but also consumes substantial time of the Bench in hearing these matters again and again on daily basis. Admittedly, in spite of the matter before the Hon'ble Supreme Court having been taken on many occasions, the Hon'ble Supreme Court which is seized of the matter has been reluctant in granting any interim protection to the Income Tax Department. Yet, the authorities concerned at the State level are not ready to accept the verdict passed by a majority of High Courts of different States on the same issue; and to make things further worse, the Income Tax Department is showing audacity by issuing notices continuously under Sections 148-A and

148 through the jurisdictional Assessing Officer whereas it ought to have been only in the faceless manner.

14. In the case of **BANK OF INDIA vs. ASSISTANT COMMISSIONER, INCOME TAX**[11], on an issue whether it was justifiable on the part of the Income Tax Department in not following an order passed by the adjudicating authority only on the ground that the appeals are pending, the Division Bench of the High Court of Bombay held at paragraph No.25 as under, viz., :

> "25. Mr. Paridwalla has rightly drawn out attention to the decision of this Court in **Commissioner of Income Tax vs. Smt. Godavaridevi Saraf**[12] as also the recent decision of the co-ordinate Bench of this Court in **Samp Furniture (P) Ltd. v. ITO**[13] of which one of us (Justice G.S. Kulkarni) was a member, wherein the Court categorically observed that the Revenue having not "accepted" the judgment of the High Court would not mean that till the same is set aside in a manner known to law, it would loose its binding force. Referring to the decision of the Supreme Court in **Union of India vs. Kamlakshi Finance Corporation Ltd.**[14], the Court observed that the approach of the officials of Revenue of treating decisions being "not acceptable" was criticized by the Supreme Court. In such decision, following are the relevant observations made by the Supreme Court.

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[11] [(2025) 170 taxmann.com 422 (Bombay)]
[12] [1978] 113 ITR 589 (Bombay)
[13] [2024] 165 taxmann.com 581/300 Taxman 452 (Bombay)
[14] [1992] taxmann.com 16/55 ELT 433 (SC)

"6. Sri Reddy is perhaps right in saying that the officers were not actuated by any mala fides in passing the impugned orders. They perhaps genuinely felt that the claim of the assessee was not tenable and that, if it was accepted, the Revenue would suffer. But what Sri Reddy overlooks is that we are not concerned here with the correctness or otherwise of their conclusion or of any factual malafides but with the fact that the officers, in reaching in their conclusion, by-passed two appellate orders in regard to the same issue which were placed before them, one of the Collector (Appeals) and the other of the Tribunal. The High Court has, in our view, rightly criticized this conduct of the Assistant Collectors and the harassment to the assessee caused by the failure of these officers to give effect to the orders of authorities higher to them in the appellate hierarchy. It cannot be too vehemently emphasized that it is of utmost importance that, in disposing of the quasijudicial issues before them, revenue officers are bound by the decisions of the appellate authorities. The order of the Appellte Collector is binding on the Assistant Collectors working within his jurisdiction and the order of the Tribunal is binding upon the Assistant Collectors and the Appellate Collectors who function under the jurisdiction of the Tribunal. The principles of judicial discipline require that the orders of the higher appellate authorities should be followed unreservedly by the subordinate authorities. The mere fact that the order of the appellate authority is not "acceptable" to the department – in itself an objectionable phrase – and is the subject matter of an appeal can furnish no ground for not following it unless its operation has been suspended by a competent court. If this healthy

rule is not followed, the result will only be undue harassment to assesses and chaos in administration of tax laws.

... ...

12. We have dealt with this aspect at some length, because it has been suggested by the learned Additional Solicitor General that the observations made by the High Court, have been harsh on the officers. It is clear that the observations of the High Court, seemingly vehement, and apparently unpalatable to the Revenue, are only intended to curb a tendency in revenue matters which, if allowed to become widespread, could result in considerable harassment to the assesses-public without any benefit to the Revenue. We would like to say that the department should take these observations in the proper spirit. The observations of the High Court should be kept in mind in future and the utmost regard should be paid by the adjudicating authorities and the appellate authorities to the requirements of judicial discipline and the need for giving effect to the orders of the higher appellate authorities which are binding on them."

15. What is worrying this Bench more is the fact that an endeavour is being made whole heartedly to ensure not to generate further litigation on issues which have been laid to rest by a large number of High Courts all of whom have taken a consistent stand that the action of the Income Tax Department being violative of the

Finance Act, 2020 and Finance Act, 2021. Now, in order to protect the interest of the Revenue as also that of the assessee, it would be trite at this juncture, if we dispose of the writ petition with an observation/direction that the disposal of the instant writ petition in terms of the judgment rendered by this High Court in the case of ***Kankanala Ravindra Reddy*** (1 supra) shall however be subject to the outcome of the SLPs which were filed by the Income Tax Department and which is pending consideration before the Hon'ble Supreme Court.

16. In the given facts and circumstances, this Bench is of the considered opinion that unless and until we do not timely dispose of matters which are squarely covered by the decision of this Court and which stands fortified by the decisions of the various other High Courts on the very same issue, the pendency of this High Court would further be burdened which otherwise can be decided and disposed of as a covered matter.

17. So far as the interest of the Revenue is concerned, we are of the considered opinion that the interest of the Revenue has already been considered and protected, as has been observed in paragraphs

36, 37 and 38 of the order which, for ready reference, is reproduced hereunder:

> 36. For all the aforesaid reasons, the impugned notices issued and the proceedings drawn by the respondent-Department is neither tenable, nor sustainable. The notices so issued and the procedure adopted being *per se* illegal, deserves to be and are accordingly set aside/quashed. As a consequence, all the impugned orders getting quashed, the consequential orders passed by the respondent-Department pursuant to the notices issued under Section 147 and 148 would also get quashed and it is ordered accordingly. The reason we are quashing the consequential order is on the principles that when the initiation of the proceedings itself was procedurally wrong, the subsequent orders also gets nullified automatically.
>
> 37. The preliminary objection raised by the petitioner is sustained and all these writ petitions stands allowed on this very jurisdictional issue. Since the impugned notices and orders are getting quashed on the point of jurisdiction, we are not inclined to proceed further and decide the other issues raised by the petitioner which stands reserved to be raised and contended in an appropriate proceedings.
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> 38. Since the Hon'ble Supreme Court had, in the case of Ashish Agarwal, supra, as a one-time measure exercising the powers under Article 142 of the Constitution of India, permitted the Revenue to proceed under the substituted provisions, and this Court allowing the petitions only on the procedural flaw, the right

> conferred on the Revenue would remain reserved to proceed further if they so want from the stage of the order of the Supreme Court in the case of Ashish Agarwal, supra.

18. We would only further like to make observations that since we are inclined to dispose of the instant writ petition, conscious of the fact that the earlier order of this High Court in the case of ***Kanakala Ravindra Reddy*** (1 supra) is subjected to challenge before the Hon'ble Supreme Court in SLP No.3574 of 2024, preferred by the Income Tax Department, we make it clear that allowing of the instant writ petition is subject to outcome of the aforesaid SLP preferred by the Revenue against the decision of this High Court in the case of ***Kanakala Ravindra Reddy*** (1 supra). This, in other words, would mean that either of the parties, if they so want, may move an appropriate petition seeking revival of this writ petition in the light of the decision of the Hon'ble Supreme Court in the pending SLP on the very same issue.

19. Accordingly, the instant writ petition stands allowed in favour of the assessee so far as the issue of jurisdiction is concerned. As a consequence, the impugned notice under challenge under Sections 148-A and 148 stands set aside/quashed.

The consequential orders, if any, also stand set aside/quashed in similar terms as have been passed by this High Court in the case of ***Kankanala Ravindra Reddy*** (1 supra). There shall be no order as to costs.

Consequently, miscellaneous petitions pending, if any, shall stand closed.

SD/- T. JAYASREE
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To

1. The Income Tax Officer Ward 11(1), Hyderabad Signature Towers, Sy.No.6(P) of Kondapur, Sy.37(P) of Kothaguda, Opp. Botanical Gardens, Serlingampally(M), R R District, Hyderabad 500084, Telangana.
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6. One CC to SRI THANNERU CHAITANYA KUMAR, Advocate [OPUC]
7. One CC to M/s. J.SUNITHA, JUNIOR SC FOR INCOME TAX [OPUC]
8. Two CD Copies

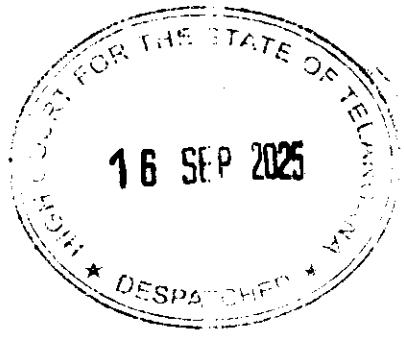
PSK
GJP

HIGH COURT

DATED:28/04/2025

ORDER

WP.No.35361 of 2024



ALLOWING THE WRIT PETITION
WITHOUT COSTS

28/7/25