IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 13.02.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.4567 of 2026
and
W.M.P.Nos.5052 and 5054 of 2026

Subha ... Petitioner

Vs.

1.The Assessment Unit,
Income Tax Department,
National Faceless Assessment Centre,
New Delhi.

2.The Income Tax Officer,
Ward 2 Cuddalore,
Cuddalore – Income Tax Office,
Soorappa Naicken Chavadi,
Cuddalore – 607 002. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, to call for the entire records relating to the impugned order in Assessment Order in DIN:ITBA/AST/S/147/2024-25/1073041529(1) dated 07.02.2025 passed by the 1st Respondent and quash the same.

For Petitioner : Mr.T.Ramesh

For Respondents : M/s.C.P.Priya
Senior Standing Counsel

ORDER

M/s.C.Priya, learned Senior Standing Counsel takes notice for the Respondents.

2. This Writ Petition is being disposed of at the stage of admission itself with the consent of the learned counsel for the Petitioner and the learned Senior Standing Counsel for the Respondents.

3. The Petitioner is before this court against the impugned Assessment order dated 07.02.2025 passed under Section 147 read with Section 144B of the Income Tax Act, 1961 for the Assessment Year 2020-2021. It appears that the Petitioner had failed to file a regular Return of Income for the aforesaid Assessment Year under Section 139(1) of the Act which lead to the issuance of Notice under Section 148 of the Income Tax Act, 1961 on 29.03.2024.

4. In response to Section 148 Notice dated 29.03.2024, the Petitioner filed the Return of Income for the Assessment Year 2020-2021 on 30.03.2024 claiming the benefit of Section 44AD of the Income Tax Act, 1961.

5. To be eligible for the benefit under Section 44AD of the Income Tax Act, 1961, the Petitioner should be an “eligible assessee” and should have carried on “eligible business” as stated in Explanation to Section 44AD of the Income Tax Act, 1961.

6. The impugned order records that the Petitioner is not carrying on “eligible business” as defined in Explanation B to Section 44AD of the Income Tax Act, 1961 and that the Petitioner at best may entitled only to the benefit of Section 44AE of the Income Tax Act, 1961.

7. However, the impugned order has not given the benefit of Section 44AE of the Income Tax Act, 1961 while computing the Tax payable for the said Assessment year by the Petitioner on the turn over declared by the Petitioner.

8. Though, the impugned order is a detailed order, a reading of the impugned order indicates that the impugned order has not discussed as to whether why the benefit of Section 44AE of the Income Tax Act, 1961 has not been extended to the Petitioner.

9. Considering the same, the impugned assessment order is quashed and the case is remitted back to the 1st Respondent to pass a fresh order on merits, determining and giving reasons as to whether the benefit of Section 44AE of the Income Tax Act, 1961 can be extended to the Petitioner and whether the Petitioner was liable to pay the tax as has been confirmed by the impugned order.

10. Considering the above, liberty is granted to the Petitioner to give a proper representation/Reply along with requisite documents to the Notice that preceded the impugned assessment order by treating the impugned order as an addendum.

11. The Petitioner shall keep a reply ready and also pay the tax payable by the Petitioner under Section 44AE of the Income Tax Act, 1961 within a period of eight weeks from the date of receipt of a copy of this order.

12. The Respondents shall thereafter proceed to pass appropriate orders on merits and in accordance with law after hearing the Petitioner as expeditiously as possible. Needless to state, the Petitioner shall co-operate with the Respondents in the *de novo* proceedings.

13. The Petitioner may also file a revised Return of Income in accordance with the benefit under Section 44AE of the Income Tax Act, 1961, if the Petitioner is advised.

14. This Writ Petition stands disposed of with the above observations. No costs. Connected Writ Miscellaneous Petitions are closed.

13.02.2026

Neutral Citation: Yes / No
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To:

1.The Assessment Unit,
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National Faceless Assessment Centre,
New Delhi.

2.The Income Tax Officer,
Ward 2 Cuddalore,
Cuddalore – Income Tax Office,
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C.SARAVANAN, J.

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