IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 13.03.2026

CORAM:

THE HONOURABLE MR. JUSTICE **G.K.ILANTHIRAIYAN**

Crl.O.P.No.5833 of 2023 and
Crl.MP.Nos.3661 & 3662 of 2023

C.Krishnamurthy ... Petitioner

Vs.

Income Tax Officer,
Non-Corporate Ward 3(4),
Chennai ... Respondent

Prayer: Criminal Original petition filed under Section 482 of Cr.P.C. praying to call for the entire records in EOCC.No.85 of 2016 pending on the file of Additional Chief Metropolitan Magistrate (E.O.II), Egmore, Chennai and quash all further proceedings against the accused/petitioner.

For Petitioner : Mr.P.Ramesh Kumar

For Respondent : Mrs.M.Sheela,
Senior Standing Counsel
for Income Tax Department

ORDER

This criminal original petition has been filed praying to quash the proceedings in EOCC.No.85 of 2016 pending on the file of Additional Chief Metropolitan Magistrate (E.O.II), Egmore, Chennai.

2. The respondent filed complaint for the offence punishable under Section 276C of Income Tax Act, 1961 against the petitioner alleging that he is the proprietor of M/s.Good Luck and Company, which was engaged in the business of brokerage in shares and for the assessment year 2006-2007, the petitioner filed return belatedly on 12.11.2007 returning a total income of Rs.96,657/-. It was processed under Section 143(1) of Income Tax Act and found that the petitioner had claimed bad debts of Rs.14,79,035/- but the secured debtors claimed by him was only to the extent of Rs.2,72,093/-. Therefore bad debts is fabricated to suppress the taxable income. Therefore, the assessing officer disallowed bad debts to an extent of Rs.12,06,942/- and raised demand of Rs.6,76,220/- apart from penalty proceedings. It was further alleged that the petitioner filed appeal before the Chief Commissioner of Income Tax(Appeals) against the order of assessing officer and the same was allowed by order dated 12.12.2013. Aggrieved by the same, the respondent preferred appeal before the appellate authority and the same was allowed by order dated 05.06.2015. Therefore, the respondent lodged complaint for the offence punishable under Section 276C of Income Tax Act.

3. Heard, the learned counsel appearing on either side and perused all the materials placed before this Court.

4. On perusal of records, it is revealed that as against the order passed by the Income Tax Appellate Tribunal dated 05.06.2015, the petitioner preferred appeal before this Court in Tax Appeal Nos.977 and 978 of 2018 and this court by order dated 09.01.2019, set aside the order passed by the Tribunal and remanded back the matter for fresh disposal. Subsequently, the Income Tax Appellate Tribunal by order dated 14.12.2022 dismissed the appeal filed by the respondent and confirmed the order passed by the appellate authority i.e. Chief Commissioner of Income Tax(Appeals) by order dated 12.12.2013. Therefore, the respondent cannot sustain the prosecution under Section 276C of Income Tax Act since the Income Tax Appellate Tribunal dismissed the appeal filed by the respondent against the order passed by the Chief Commissioner of Income Tax (Appeals), thereby setting aside the order of the assessing order.

5. In view of the above, the entire impugned proceedings initiated by the respondent for the offence punishable under Section 276C

of Income Tax Act cannot be sustained and the same is liable to be quashed. Accordingly, the entire impugned proceedings is quashed and this criminal original petition stands allowed. Consequently, connected miscellaneous petitions are closed.

13.03.2026

Index : Yes/No
Neutral citation : Yes/No
Speaking/non-speaking order
lok

To

1.Additional Chief Metropolitan Magistrate (E.O.II), Egmore, Chennai

2.Income Tax Officer,

Non-Corporate Ward 3(4),
Chennai

G.K.ILANTHIRAIYAN, J.

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