BEFORE THE MADURAI BENGH OF MADRAS HIGH COURT

DATED: 16.02.2026

CORAM

THE HONOURABLE MR. JUSTICE KRISHNAN RAMASAMY

W.P.(MD)Nos.12867 and 13525 of 2024
and
W.M.P.(MD).Nos.11437 and 11929 of 2024

W.P.(MD).No.12867 of 2024

1.M/s Muthulakshmi Spinning Mills Pvt Ltd.,
Represented by its Managing Director,
No.7, Mariamman Kovil Street,
Srivilliputhur - 626 125.

2.S.Shanmugavel,
Managing Director,
M/s. Muthulakshmi Spinning Mills Pvt Ltd,
No. 73, Mariamman Kovil Street,
Srivilliputhur 626 125.

3.S.Shanmugavadivel,
Director,
M/s. Muthulakshmi Spinning Mills Pvt Ltd.,
No. 73, Mariamman Kovil Street,
Srivilliputhur - 626 125

4.S.Siva Shanmugavel,
Director, M/s Muthulakshmi Spinning Mills Pvt Ltd.,
No. 73, Mariamman Kovil Street, Srivilliputhur - 626 125.

5. Kaliammal ... Petitioner

Vs

Income Tax Department,
O/o. the Commissioner of Income Tax (TDS),
Coimbatore,
Represented by Income Tax Officer,
TDS Ward,
Madurai. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned order passed by the respondent dated 09-10-2017 and quash the same and with a consequential direction directing the respondent to consider the representation dated 27.04.2024 and permit the petitioners' company to pay the TDS amount of Rs.1,05,241/- as compounding charges and fees.

For Petitioners : Ms.A.Lakshmi,
M/s.Polax Legal Solutions

For Respondent : Mr.N.Dilip Kumar,
Standing Counsel

W.P.(MD).No.13525 of 2024

1.M/s Muthulakshmi Spinning Mills Pvt Ltd.,
Represented by its Managing Director,
No.7, Mariamman Kovil Street,
Srivilliputhur - 626 125.

2.S.Shanmugavel,
Managing Director,
M/s. Muthulakshmi Spinning Mills Pvt Ltd,
No. 73, Mariamman Kovil Street,
Srivilliputhur 626 125.

3.S.Shanmugavadivel,
Director,
M/s. Muthulakshmi Spinning Mills Pvt Ltd.,
No. 73, Mariamman Kovil Street,
Srivilliputhur - 626 125

4.S.Siva Shanmugavel,
Director, M/s Muthulakshmi Spinning Mills Pvt Ltd.,
No. 73, Mariamman Kovil Street, Srivilliputhur - 626 125.
5. Kaliammal ... Petitioner

Vs

Income Tax Department,
O/o. the Commissioner of Income Tax (TDS),
Coimbatore,
Represented by Income Tax Officer,
TDS Ward,
Madurai. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned rejection order in F.No.Compounding / MR1M01114B/2017-2018, dated 27.07.2017 and quash the same passed by the respondent and with a consequential direction directing the respondent to consider the representation dated 27.04.2024 and permit the petitioners' company to pay the TDS amount of Rs.1,05,241/- as compounding charges and fees.

For Petitioners : Ms.A.Lakshmi,
M/s.Polax Legal Solutions

For Respondent : Mr.N.Dilip Kumar,
Standing Counsel

COMMON ORDER

These writ petitions are taken up together as the issue involved in both the cases is interconnected.

2. W.P.(MD).No.12867 of 2024 has been filed seeking to quash the impugned order dated 09.10.2017 and consequently to direct the respondent to consider the representation dated 27.04.2024 and permit the petitioners' Company to pay the TDS amount of Rs.1,05,241/- as compounding charges and fees.

3. W.P.(MD).No.13525 of 2024 has been filed seeking to quash the impugned rejection order in F.No.Compounding/MRIM01114B/2017-2018 dated 27.07.2017 and consequently to direct the respondent to consider the representation dated

27.04.2024 and permit the petitioners' Company to pay the TDS amount of Rs.1,05,241/-.

4. The learned counsel appearing for the petitioners would submit that the petitioners had filed an application seeking compounding of the offence under Sections 276B read with Section 278B of the Income Tax Act, on account of delay of more than one year in remitting the TDS amount already deducted. The respondent had determined a sum of Rs.1,05,241/- towards compounding charges and directed the petitioners to remit the same on or before 27.07.2017. However, due to severe financial constraints, the petitioners were unable to remit the said amount within the stipulated time, and consequently, the application came to be rejected.

5. It is further submitted that the first petitioner Company was subsequently put into liquidation and was also facing proceedings under the SARFAESI Act, which resulted in irreparable financial hardship. This Court, by order dated 24.06.2024, directed the petitioners to deposit the entire amount before the learned Additional Chief Judicial Magistrate, Madurai in C.C.No.20 of 2017. The petitioners have complied with the said direction and deposited the amount before the said Court.

6. The learned Standing Counsel appearing for the respondent would submit that since the petitioners have filed a subsequent compounding application, the same may be directed to be considered in accordance with law.

7. Considering the submissions made on either side, it is not in dispute that there was a delay of more than one year in remitting the TDS amount already deducted by the petitioners, resulting in initiation of proceedings under Sections 276B read with Section 278B of the Income Tax Act. It is also not in dispute that the petitioners had filed a compounding application, which was allowed subject to payment of the compounding charges within the stipulated time. However, the petitioners failed to comply with the said condition owing to financial difficulties and the subsequent liquidation of the Company.

8. This Court is satisfied that the reasons assigned by the petitioners for non-payment within the stipulated time are bona fide. Further, pursuant to the direction of this Court dated 24.06.2024, the petitioners have deposited the entire compounding amount before the

learned Additional Chief Judicial Magistrate, Madurai in C.C.No.20 of 2017.

9. In such circumstances, this Court is inclined to set aside the impugned rejection orders dated 09.10.2017 and 27.07.2017. While setting aside the impugned order, this Court extended the time limit for payment of compounding charges until the date of deposit of amount before the learned Additional Chief Judicial Magistrate in C.C.No.20 of 2017. Now, it was reported that the said amount was already remitted. Therefore, the original order passed by the authorities on 27.04.2024 is made absolute until the date of deposit of amount before the learned Additional Chief Judicial Magistrate in C.C.No.20 of 2017 as ordered by this Court. However, considering the delay in complying with the earlier order, the petitioners are directed to pay an additional sum of Rs.50,000/- (Rupees Fifty Thousand only) as costs to the respondent Department within a period of two weeks from the date of receipt of a copy of this order, over and above the deposit already made.

10. Upon such payment, the respondent Department is permitted to file appropriate application before the learned Additional Chief Judicial

Magistrate, Madurai, for withdrawal of the amount already deposited towards compounding charges. The petitioners shall also produce a copy of this order before the said Court, and the learned Additional Chief Judicial Magistrate shall proceed in accordance with law.

11. In view of the above, the question of entertaining a second compounding application does not arise.

12. With the above directions, both these writ petitions are disposed of. There shall be no order as to costs. Consequently, connected miscellaneous petitions are closed.

16.02.2026

TSG
Speaking/Non-speaking order
Index : Yes / No
Neutral Citation : Yes / No

To
Income Tax Department,
O/o. the Commissioner of Income Tax (TDS),
Coimbatore,
Represented by Income Tax Officer,
TDS Ward,
Madurai.

KRISHNAN RAMASAMY, J.

TSG

W.P.(MD)Nos.12867 and 13525 of 2024

16.02.2026