IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE ACTING CHIEF JUSTICE P.SAM KOSHY
AND
THE HON'BLE SRI JUSTICE SUDDALA CHALAPATHI RAO

WRIT PETITION No.36146 of 2026
(CNR.No.HBHC010739312026)

Reserved on : 27.10.2026 **Pronounced on : 30.10.2026**
Uploaded on : 30.10.2026

DATE: 30.10.2026

Between:

Sri Ramanuja Reddy Mereddy.

...Petitioner

AND

The Assistant Commissioner of Income Tax
and another.

...Respondents

ORDER: *(per Hon'ble Sri Justice Suddala Chalapathi Rao)*

This Writ Petition has been filed under Article 226 of the Constitution of India, seeking the following relief:-

> *" Hon'ble Court may be pleased to :*
>
> *(a) issue a writ, order or direction, more particularly in the nature of Writ of Mandamus declaring the impugned order, dated 27.06.2026 passed under Section 148-A(3) of the Income-tax Act, 1961 bearing DIN ITBA/AST/F/148A/2026-27/1090519227(1) for AY.2022-23 as arbitrary, illegal, without jurisdiction,*

without application of mind and violative of Article 14 of the Constitution of India, apart from being passed in violation of principles of natural justice; and

(b) consequently quash the notice issued under Section 148, dated 27.06.2026 bearing DIN and Notice No.ITBA/AST/S/1481/2026-27/1090524997(1) for the A.Y.2022-23 and pass such other order or orders…"

2. Heard Mr.A.V.Raghu Ram, learned counsel for the petitioner and Ms.Bakaro Sapna Reddy, learned Senior Standing Counsel for Income Tax, for respondent No.1. Perused the record.

3. The brief facts of the case are that the petitioner is an individual assesse under the Income-Tax Act, 1961, bearing PAN: COJPM8142N, and the impugned proceedings relates to the Assessment Year 2022-23, corresponding to Financial Year 2021-22. It is stated that the respondents on the information allegedly received under the risk-management framework that the petitioner has received commission amounts from certain insurance companies and had not admitted the same in the return of income, issued a notice under Section 148-A(1), dated 30.03.2026, to the petitioner. In response thereto, the petitioner submitted reply, dated 17.04.2026 disputing the alleged receipt of Rs.63,35,410/- and stating that the said

amount had actually been received by Smt.Sudha Reddy, PAN: AXFPN8869A, and not by the petitioner. However, the respondents while dealing with the petitioner's submissions, proceeded to refer to an alleged departmental investigation concerning Overriding Commission that the insurance companies are allegedly paying to the Middle Layer Business Entities ("MLBEs"). Thus, the respondents only based on the information available that the petitioner was in receipt of ORC payments through middle-layer entities/intermediaries, and the said amounts had not been admitted in the return of income filed by the petitioner, concluded that the income chargeable to tax had escaped assessment and held the case to be fit case for issuing a notice under Section 148, and issued the impugned order. Aggrieved thereby, the instant writ petition is filed.

4. Learned counsel appearing for the petitioner would contend that, infact, the petitioner in the reply has specifically pleaded that the said amounts do not pertain to the petitioner in the present case and that relevant documentary material including Form 26-AS, has also been filed before the

respondent-Department. However, the respondent-Department, without considering the said material placed before it and without mentioning any proper reasons in the impugned notices, has negated the stand of the petitioner and caused the issuance of a notice under Section 148 of the IT Act.

5. Learned counsel further contended that the respondent-Department though is required to consider the submissions specifically pleaded and the material filed by the petitioner before issuing a notice under Section 148 of the IT Act, the issuance of such a notice under Section 148, without considering the same properly, except stating that the submissions of the assesse were considered, is perverse. Therefore, it is contended that the impugned proceedings are bad in law and are liable to be quashed and set aside.

6. *Per contra,* the learned Senior Standing Counsel Ms.B.Sapna Reddy, supported the impugned orders and contended that, in the notice under Section 148-A(3), the reply as well as the documents filed by the petitioner were considered and negated, and thereafter, the issuance of the

notice under Section 148 was mandated. Therefore, the grievance of the petitioner that the reply, along with the documents filed by the petitioner, were not at all considered, is not proper or justified.

7. Having heard Sri Mr.A.V.Raghu Ram, learned counsel for the petitioner, and Ms.Bakaro Sapna Reddy, learned Senior Standing Counsel, appearing for the respondent No.1-Department, and having given earnest consideration to their submissions, perused the record.

8. Apparently, the impugned notice, dated 27.06.2026 under Section 148 of the Act emanated from the impugned order issued under Section 148-A (3) of the Income Tax Act, 1961, which shows consideration of the reply and documents filed by the petitioner.

9. Further, vide notice, dated 27.04.2026, respondent-Department has specifically stated that assesse was in receipt of Overriding Commission (ORC), being payments made by insurance companies through the middle-layer business entities/intermediaries, and that the assesse had admitted the

receipts under business head and admitted income on estimated basis, and even if the assessee had admitted the receipts to the taxation, the expenditure claimed against the same are to be disallowed, as no services were rendered by the assessee to earn such income, and therefore, came to the conclusion of escapement of tax, and held that it was a fit case for issuing a notice under Section 148 of the IT Act.

10. In that view of the matter we are of the considered view that the impugned notice, dated 27.06.2026 specifically adverted to the material and the reply filed by the petitioner, and only upon consideration of the same the notice under Section 148 of the IT Act was issued.

11. Further, once a notice under Section 148 of the IT Act has been issued, the petitioner would have ample opportunity to file the return of income along with the relevant information/documents before the Assessing Officer, who shall consider the same and pass appropriate orders in accordance with law. Even, if the petitioner is aggrieved thereby, it is

always open to the petitioner to avail further remedy of approaching the appellate authorities.

12. Therefore, in the considered view of this Court, the petitioner has not made any good grounds to interfere with the consequential notice issued under Section 148 of the IT Act and that the writ petition is devoid of merits and is liable to be dismissed.

13. Accordingly, the Writ Petition is dismissed. There shall be no order as to costs.

Miscellaneous petitions, if any are pending, shall stand closed.

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P.SAM KOSHY, ACJ

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SUDDALA CHALAPATHI RAO, J

Date: 30.10.2026
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