$~1 and 45 to 50

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\# **CNR No. DLHC010476922026**

\+ W.P.(C) 14668/2026 & CM APPL. 68596/2026

MRS. INDU DHANDHARIA LR OF MR. PANKAJ DHANDHARIA (DECEASED) .....Petitioner

versus

ASSISTANT COMMISSIONER OF INCOME TAX, CIRCLE, 7(1) DELHI .....Respondent

\# **CNR No. DLHC010087622026**

\+ W.P.(C) 3151/2026 & CM APPL. 15201/2026

RAHUL SINGH LOVELL .....Petitioner

versus

ASSESSMENT UNIT, INCOME TAX DEPARTMENT & ANR. .....Respondents

\# **CNR No. DLHC010427352026**

\+ W.P.(C) 13196/2026 & CM APPL. 61332/2026

PRASHANT GUPTA .....Petitioner

versus

INCOME TAX OFFICER, WARD-30(1), DELHI .....Respondent

\# **CNR No. DLHC010427372026**

\+ W.P.(C) 13198/2026 & CM APPL. 61336/2026

ANKIT AGGARWAL .....Petitioner

versus

INCOME TAX OFFICER, WARD-44(6), DELHI .....Respondent

\# **CNR No. DLHC010128662026**

\+ W.P.(C) 4248/2026, CM APPL. 20641/2026 & CM APPL. 47950/2026

RAJEEV SAWHNEY .....Petitioner

versus

ASSESSMENT UNIT, INCOME TAX DEPARTMENT & ANR. .....Respondents

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 04/11/2026 at 11:42:19

CNR No. DLHC010145342026

\+ W.P.(C) 4711/2026 & CM APPL. 23034/2026

SHALINI DAWAR .....Petitioner

versus

ASSESSMENT UNIT, INCOME TAX DEPARTMENT & ORS.

.....Respondents

CNR No. DLHC010476812026

\+ W.P.(C) 14657/2026 & CM APPL. 68573/2026

MRS. INDU DHANDHARIA LR OF MR. PANKAJ HANDHARIA (DECEASED) .....Petitioner

versus

ASSISTANT COMMISSIONER OF INCOME TAX

.....Respondent

Appearances:

For Petitioner/Assessees:

Mr. Kamal Sawhney, Mr. Nikhil Agarwal & Mr. Puru Medhaira, Advs.

For Respondents/Department:

Mr. Sunil Agarwal, SSC

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE DR. JUSTICE ADITI CHOUDHARY

O R D E R

% 02.11.2026

1. On 01.04.2026, we had passed following order in W.P.(C) 4248/2026:

> *"1. The petitioner, who is a partner in a Firm S. R. Batliboi & Co. LLP (SRB) has approached this Court by invoking its jurisdiction under Article 226 of the Constitution of India, challenging action of the Assessing Officer (AO), who has added in petitioner's income, the amount of additional remuneration and*

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 04/11/2026 at 11:42:19

discretionary performance reward recovered by him though the partnership firm has already paid tax on such payments.

2. While highlighting that the firm had undeniably paid tax on these amounts, learned counsel argued that the AO has simply relied upon Section 10(2A) Explanation and Section 28(v) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act of 1961') while completely ignoring the proviso and its effect.

3. Learned counsel further submitted that another writ petition being W.P.(C) 3151/2026 (Annexure P-7) on similar issue is pending consideration before this Court, wherein a detailed interim order has been passed.

4. Having said so, Mr. Kamal Sawhney, learned counsel for the petitioner submitted there are a number of proceedings triggered by the various assessing authorities throughout the country. He added that they are either assessing or reassessing such amounts in the hands of the respective partners in spite of the facts that the firm had offered tax on such amounts.

5. Having regard to the fact that the issue in hands may have larger implications and bearing on various assessees who are partners in different professional firms, we deem it appropriate to direct the CBDT to issue a clarification in this regard. The firm of the petitioner (SRB), shall move a representation giving out precise facts and relevant provisions in this regard before the Chairman, CBDT within a period of two weeks' from today.

6. The Chairman CBDT or some officer(s) nominated by him shall examine the issue, whereafter the CBDT shall issue a clarification in accordance with law.

7. List this case on 18.05.2026.

8. Meanwhile, the recovery proceedings in furtherance of the impugned assessment order dated 06.03.2026

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 04/11/2026 at 11:42:19

shall remain stayed till further order."

2. Mr. Sunil Aggarwal, learned Senior Standing Counsel for the respondents, submitted that pursuant to the directions issued by this Court in the above order dated 01.04.2026, in order to give effect to the principle of single-point taxation of a firm's income, the Central Board of Direct Taxes has issued a letter dated 16.10.2026, whereby requisite/necessary clarifications have been issued, which substantially resolve the issue and redress the petitioners' grievance. The letter dated 16.10.2026 issued by the Central Board of Direct Taxes is taken on record.

3. Mr. Kamal Sawhney, learned Counsel for the petitioners, submitted that in light of the above referred letter/Office Memorandum, all the similar assessment orders, re–assessment orders, proceedings and penalty order passed by the Assessing Officers taking the addition of remuneration and discretionary performance reward in the hands of the partners including the ones impugned in the present writ petitions, be quashed and set aside.

4. To this request of Mr. Sawhney, learned Senior Standing Counsel for the respondents submitted that the assessment orders cannot be quashed out-rightly, unless an enquiry in terms of paragraph no.3 of the letter dated 16.10.2026 is conducted. He argued that in case, this Court deems it apposite to set aside the assessment orders/re-assessment orders, then, the matters be remanded to the Assessing Officers for passing fresh orders in light of the Circular so issued by the Central Board of Direct Taxes.

5. In view of what has been noted hereinabove, we dispose of the present writ petitions while setting aside the impugned assessment orders/re-assessment orders/notices/penalty orders and direct the Assessing Officers to pass fresh order(s) in accordance with law while providing an opportunity of

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 04/11/2026 at 11:42:19

hearing to the petitioners and conducting an enquiry in terms paragraph no.3 of the Circular dated 16.10.2026 issued by the Central Board of Direct Taxes.

6. All pending applications also stand disposed of.

DINESH MEHTA, J.

ADITI CHOUDHARY, J.

NOVEMBER 2, 2026/kk

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 04/11/2026 at 11:42:19