Kattuputhur Srinivasaiyyengar Ramaswamy — W.P.(MD) Nos. 9187 and 9188 of 2026

2026:MHC:2671

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Date of Reserving the Order Date of Pronouncing the Order 08.06.2026 08.07.2026

CORAM : THE HONOURABLE MR. JUSTICE D.BHARATHA CHAKRAVARTHY

W.P.(MD)Nos.9187 and 9188 of 2026 and W.M.P.(MD)Nos.7376, 7377, 7379, 7381, 7383, 7384, 7380 & 7382 of 2026

Kattuputhur Srinivasaiyyengar Ramaswamy ... Petitioner in both the W.Ps. Vs.

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

2.Income Tax Officer, Ward (2) 1 Trichy, Main Building, 2nd Floor, New No.44, Old No.4, Williams Road, Cantonment, Tiruchirapalli-620001, Tamil Nadu, India.

3.The Branch Manager, The South Indian Bank Limited, Thendral Complex Do.No.119, Bharathiar Salai, Bharathiyar Salai, Tiruchirappalli, Tamilnadu 620001.

4.The Branch Manager, Punjab National Bank, Amma Mandapam Road, Srirangam, Tiruchirappalli, Tamil Nadu 620006. ... Respondents in both the W.Ps.

Prayer in W.P.(MD)No.9187 of 2026 : Writ Petition filed under of the Constitution of India, praying to issue a Writ of Certiorari, calling for the records on the file of the respondents and quash the, (i) Impugned Notice under of the Income Tax Act, 1961, dated 18.04.2022, passed by the second respondent in PAN AGYPR3097E having DIN-and Notice- ITBA/AST/S/148_1/2022 23/1042758679(1) for the AY 2015-16; (ii) Impugned Order under r.w.s. 144 read with L109: of the Income Tax Act, 1961 dated 18.03.2024 passed by the first respondent in PAN AGYPR3097E having ITBA/AST/S/147/2023-24/1062820542(1) for the AY 2015-16.

Prayer in W.P.(MD)No.9188 of 2026 : Writ Petition filed under of the Constitution of India, praying to issue a Writ of Certiorari, calling for the records on the file of the respondents and quash the impugned order under of the Income Tax Act, 1961 dated 20.09.2024 passed by the first respondent in PAN AGYPR3097E having DIN-ITBA/PNL/F/271(1) (c)/2024-25/1068925495(1) for the AY 2015-16. For Petitioner in both the W.Ps. : Ms.N.V.Lakshmi For R1 and R2 in both the W.Ps.: Mr.N.Dilip Kumar Senior Standing Counsel

For R3 and R4 in both the W.Ps.: No Appearance

COMMON ORDER These two writ petitions have been filed by the same petitioner. W.P.(MD) No.9187 of 2026 challenges the notice dated 18.04.2022 issued under of the Income Tax Act, 1961, proposing to reassess the petitioner's income for the Assessment Year 2015-2016, as well as the assessment order dated 18.03.2024 passed under read with and of the Income Tax Act, 1961 [hereinafter referred to as "the Act"]. W.P.(MD)No.9188 of 2026 challenges the consequential penalty order passed under L136: (c) of the Act.

B. The Petitioner's Case:

> 2. The petitioner is an individual assessee holding PAN: AGYPR3097E.

For the Assessment Year 2015-2016, he did not file a return of income, claiming that he was under a bona fide belief that no tax liability arose for that assessment year.

3. The second respondent issued a notice under of the Act on 26.03.2022, alleging that the petitioner had made cash deposits in his bank accounts aggregating to Rs.1,42,11,020/-, had made time deposits to the extent of Rs.13,00,000/-, and had received interest income of Rs.3,29,735/-, which was Page No.3 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026 liable to deduction of tax at source under of the Act. Thereafter, by order dated 18.04.2022 passed under of the Act, the second respondent recorded satisfaction that it was a fit case for issuance of notice under of the Act for the Assessment Year 2015-2016. Consequently, a notice under of the Act was issued on 18.04.2022.

4. Subsequently, an intimation dated 27.01.2023 was issued by the National Faceless Assessment Centre, informing the petitioner that the assessment proceedings would be completed under the faceless assessment scheme. Thereafter, notices under of the Act, dated 06.08.2023 and 08.11.2023, were issued calling upon the petitioner to furnish the documents and information specified therein. Further

notices seeking additional information were also issued from time to time.

5. A show cause notice under of the Act was issued on 29.12.2023, requiring the petitioner to explain why the assessment should not be completed to the best of judgment. Thereafter, a detailed show cause notice dated 22.02.2024 was issued, proposing additions for (i) cash deposits in the petitioner's bank accounts amounting to Rs.1,42,11,020/-, (ii) time deposits aggregating to Rs.13,00,000/- in the petitioner's accounts with Bank of India and Page No.4 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026 Vijaya Bank, treated as unexplained investments, and (iii) interest income of Rs. 6,92,109/- received in various bank accounts, treated as income from other sources.

6. Pursuant thereto, the assessment order dated 18.03.2024 was passed, determining the petitioner's tax liability at Rs.53,44,053/-. Thereafter, a penalty order under of the Act was also passed, imposing a penalty of Rs.53,44,053/-. Subsequently, proceedings were initiated for the attachment of the petitioner's bank accounts. According to the petitioner, he became aware of the reassessment proceedings only at that stage. It is his specific case that none of the notices were effectively served upon him and that the communications were merely uploaded on the portal without his knowledge. According to him, the assessment order and the consequential penalty order were passed ex parte, without affording him an effective opportunity of hearing. Under these circumstances, the present writ petitions have been filed.

7. The primary contention of the petitioner is that, in respect of the Assessment Year 2015-2016, the Revenue had made an express concession before the Hon'ble Supreme Court regarding reassessment proceedings initiated under the substituted reassessment regime, and that notices issued after Page No.5 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026 01.04.2021 in respect of such assessment years would not survive where the proceedings were otherwise barred by limitation. According to the petitioner, the said concession was recorded by the Hon'ble Supreme Court in and connected matters, and has subsequently been noticed in several decisions. Therefore, it is contended that the Revenue cannot adopt a contrary stand in the case of the petitioner.

8. It is further contended that the notice issued under of the Act is barred by limitation in view of the first proviso to of the Act, as the proceedings were initiated beyond the period prescribed therein. The petitioner also challenges the impugned proceedings on the ground of violation of the principles of natural justice.

C. The Respondent’s Case:

9. The writ petitions are resisted by the Revenue through a detailed counter-affidavit. According to the Revenue, the petitioner maintained as many as 113 bank accounts. Despite substantial financial transactions during the relevant assessment year, he failed to file his return of income. During the relevant period, the petitioner is stated to have earned interest income of Rs. 3,29,735/-, made cash deposits exceeding Rs.1.42 crores, and invested Rs. 13,00,000/- in time deposits. 1 (2024) SCC OnLine SC 2693 Page No.6 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026

10. Based on the information available with the Department, a notice under of the Act was issued on 26.03.2022. As no reply was received from the petitioner, an order under of the Act and a consequential notice under of the Act were issued on 18.04.2022. Thereafter, notices under of the Act dated 06.08.2023 and 08.11.2023 were issued. A preliminary show cause notice was issued on 29.12.2023, and a detailed show cause notice on 22.02.2024. Since the petitioner failed to comply with the notices issued under , the provisions of of the Act were invoked, and the Faceless Assessment Officer completed the reassessment by best judgment, culminating in the assessment order dated 18.03.2024.

11. The Revenue further contends that it is the statutory obligation of every PAN holder and taxpayer to maintain updated address particulars, contact details, and e-mail credentials with the Department. Although the petitioner claims to reside in Virugambakkam, he has also furnished an address in Srirangam, Tiruchirappalli, even in the affidavit filed in support of the present writ petitions. According to the Revenue, all notices were sent to the address recorded in the Departmental records. Page No.7 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026

12. It is stated that, since no return of income had been filed, the petitioner's case was flagged on the Insight Portal under the category “NMS” (Non-Filers Monitoring System). Based on the available information on financial transactions, proceedings under of the Act were initiated after obtaining the requisite approval from the competent authority. The notice dated 26.03.2022, issued under , was also dispatched by Speed Post to the petitioner's Srirangam address but was returned with the endorsement “No such person at the address”. As the petitioner failed to explain the transactions, the Jurisdictional Assessing Officer opined that income chargeable to tax had escaped assessment and, accordingly, issued the order under and the notice under of the Act on 18.04.2022 after obtaining the requisite approvals.

13. The counter affidavit also details the several opportunities afforded to the petitioner and the various notices issued under of the Act. According to the Revenue, all communications were also transmitted to the e- mail address furnished by the petitioner. Even after completion of the assessment, repeated demand notices were issued. Thereafter, upon obtaining the necessary approval, attachment orders in respect of the petitioner's bank accounts were issued on 13.01.2026 and 14.01.2026. Page No.8 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026

14. With regard to the allegation of violation of the principles of natural justice, the Revenue contends that due procedure was strictly followed and that the petitioner alone is responsible for failing to respond to the notices issued by the Department. As regards the reliance placed on the concession recorded before the Hon'ble Supreme Court, it is contended that the concession was made in the peculiar context of the (TOLA) and cannot be mechanically extended to the facts of the present case.

15. The Revenue further contends that, under the first proviso to of the Act, the time limit for issuing a notice under expired on 31.03.2022, and that the notice dated 26.03.2022 was therefore issued within the prescribed period after obtaining the requisite approval. According to the Revenue, the petitioner's limitation argument overlooks the effect of the fourth proviso to read with of the Act, and consequently the reassessment proceedings are not barred by limitation. D. The Questions:

16. I have considered the submissions advanced by the learned counsel appearing on either side and perused the materials available on record. The Page No.9 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026 following questions arise for consideration:

> (a) Are the impugned proceedings barred by limitation as per the provisions of the Act? > (b) Are the impugned proceedings liable to be quashed on the basis of the concession made by the revenue before the Hon'ble Supreme Court of India in Rajeev Bansal's case (cited supra)?

E. Question (a):

17. To determine this question, the ratio the Hon'ble Supreme Court of India in Rajeev Bansal's case (have to be kept in mind. The legal position as obtained is lucidly explained by the Hon'ble Division Bench in L179: 18. Thus, even though in this case, the proceedings that are under challenge pertain to the Assessment year 2015-16, it is crystal clear that if the notice for reopening under of the Act is issued after 01.04.2021, then the procedural regime as amended by the , would apply. Thus, the time limit for the issue of notice under would be as per 2 (2023) 1 SCC 617 3 2025 176 taxman.com 478 Madras Page No.10 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026 of the Act. In the instant case, the notice under was issued on 18.04.2022. The income chargeable to tax that has escaped assessment exceeds one lakh rupees. Hence, the period prescribed under of the Act would be up to 6 years from the end of the Assessment Year. In this case, the assessment year ends on 31/03/2016. Six year period ends on 31/03/2022. However, as per the regime, no notice under can be issued unless the assessee is given an opportunity and orders passed under .

19. Within the six-year period, a show cause notice under is issued on 26.03.2022. Under the said notice, 7 days time was allowed for the assessee to file their response. As per the first proviso to , in computing the six-year period, the time allowed for the assessee to respond to the notice shall stand excluded. Thus, the period of limitation which was to end on 31.03.2022, stood extended up to 02.04.2022. Thereafter, under normal circumstances, the revenue had limitation to pass orders under of the act within one month from the month in which the time granted to show cause expired. The month in which the time to show cause expired is April, 2022 and as such, the revenue has time till May, 2022, that is upto 31.05.2022. Page No.11 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026

20. But considering the overall limitation that is prescribed under as six years from the last date of the Assessment year, it can be seen that the Revenue had to immediately pass orders and issue notice under of the Act. In such cases, where the time is less than 7 days, the period of limitation stands extended by another 7 days in view of the fourth proviso to of the Act. Thus, the last date before which the Orders ought to have been passed under , and notice should have been issued under would only be 09.04.2022. However, the orders were passed under and notice was issued under only on 18.04.2022 and as such is beyond the period of limitation.

21. The contention of the revenue is that when grants time upto 31.05.2022, and when the order is passed well within the time limit, the notice under should be deemed to be within the time. But prescribes six years limitation not with reference to issue of show cause notice under or passing of orders thereon within limitation, but specifically caps the upper limit to the notice to be issued under of the Act, which is mandatory. The period is six years and by the first and fourth proviso, the period of 7days available for response to the Show cause notice under and another 7 days for passing the order stands extended. Page No.12 of 16 https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026 Even if one were to allow the 14 days time in full, even then the order passed under and notice issued under of Act are still 4 days beyond the period of limitation. Accordingly the question is answered. F. Question (b) :

22. A careful perusal of the judgment in Rajeev Bansal's case (cited supra), it can be seen that the matter was considered there with reference to the applicability of (TOLA), whereby the time limit for carrying out the various acts under the taxing statutes were relaxed and extended in view of the Covid-19 pandemic situation. In that context, the issues before the Hon'ble Supreme Court of India were, (a) Whether TOLA and notifications issued under it will also apply to reassessment notices issued after 1 April 2021; and (b) whether the reassessment notices issued under of the new regime between July and September, 2022 are valid. It is in this connection, during the course of the arguments, the learned Additional Solicitor General of India had made submissions, after presenting a tabular column with reference to various periods of Limitation prescribed under TOLA, it is submitted in para 19 (f) as follows : > "The Revenue concedes that for the assessment year 2015-16, all notices issued after 01/04/2021, will have to be dropped as they will not fall for completion during the period prescribed under TOLA".

Page No.13 of 16

> https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026

23. Therefore, the learned Senior Standing counsel is right in contending that the stand has to be considered if only limitation is sought by applying the provisions of TOLA and more so, the notice in the instant case, does not pertain to the period that was in issue before the Hon'ble Supreme Court of India. Thus, when the revenue in their counter had not relied upon TOLA and since it is not contended that the period is extended or saved by any of the provisions of TOLA the concession that no provision of TOLA is applicable and that the notices have to be dropped cannot be extrapolated to the facts on the instant case as the revenue sought to justify by the interpretations of the , and of the Act. Theoretically, if the orders have been passed immediately on the same day of the expiry of the time given to the Assessee, that is on 03.04.2022, still it is possible to contend that the matter is within time and therefore, since the relief is granted to the petitioner on the ground of limitation, the consideration of this issue does not have a bearing on the matter. Therefore, the question is answered that the concession made in Rajeev Bansal's case (cited supra), is not germane to the issue in the presence case. G. The Result :

> 24. In the result, W.P. No. 9187 and 9188 of 2026 are allowed on the following terms:

Page No.14 of 16

> https://www.mhc.tn.gov.in/judis W.P.(MD)Nos.9187 and 9188 of 2026

> (a) The impugned notice dated 18.04.2022 issued to the petitioner under of the Act in PAN AGYPRA3097F for the Assessment Year 2015-16 and the consequent order of assessment dated 18.03.2024 shall stand quashed; > (b) The consequent order passed under dated 20.09.2004 as against the petitioner shall also stand quashed;

> (c) No costs. Connected miscellaneous petitions are closed.

08.07.2026 Neutral Citation : yes smn2 To

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

2.Income Tax Officer, Ward (2) 1 Trichy, Main Building, 2nd Floor, New No.44, Old No.4, Williams Road, Cantonment, Tiruchirapalli-620001, Tamil Nadu, India.   D.BHARATHA CHAKRAVARTHY, J.

smn2 Pre-deliery common order in W.P.(MD)Nos.9187 and 9188 of 2026 08.07.2026