

Technoforce Solutions I Private Ltd vs Deputy Commissioner Of Income Tax ... — Writ Petition No. 2041 of 2026

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2026:BHC-AS:16422-DB sr.4-wp-2041-2026.doc TRUSHA IN THE HIGH COURT OF JUDICATURE AT BOMBAY TUSHAR MOHITE Digitally signed CIVIL APPELLATE JURISDICTION by TRUSHA TUSHAR MOHITE Date: 2026.04.07 14:43:08 +0530 WRIT PETITION NO. 2041 OF 2026 Technoforce Solutions (I) Pvt. Ltd. .. Petitioner Versus Deputy Commissioner of Income Tax, Circle-1, Nashik & Ors. .. Respondents Adv. B.V. Jhaveri for the Petitioner. Adv. A.K. Saxena for the Respondents. CORAM: B. P. COLABAWALLA & FIRDOSH P. POONIWALLA, JJ. DATE: APRIL 1, 2026 P. C.

1. Rule. Respondents waive service. With the consent of the parties, Rule is made returnable forthwith and heard finally.

2. By the present Petition, the Petitioner has impugned i) the notice dated 23.06.2025 issued under Section 143(2) of the Income-tax Act, 1961 ("the Act"); and (ii) the notice dated 21.01.2026 issued under Section 142(1) of the Act. The relevant Assessment Year (A.Y.) is 2023-24. Page 1 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc

3. By the Notice dated 23.06.2025, Respondent No.3 wanted to scrutinize the modified return of income filed by the Petitioner under Section 170A(1) of the Act. The Petitioner has filed an Additional Affidavit dated 21.02.2026 to bring on record the assessment proceedings for A.Y. 2022-23 in which the assessment was pending on the date of filing the modified return of income, and therefore, while passing the order under Section 143(3) of the Act, the modified return of income was taken into consideration and the total income for A.Y. 2022-23 was determined. The Revenue has filed its Reply dated 20.02.2026 to the Petition, which is affirmed on behalf of Respondent No.1 by one Mr. Deepak Kumar, DCIT, Circle-1, Nashik.

4. The pleadings are complete, and therefore, we have heard the Petition finally.

5. The facts and circumstances leading to the notices impugned in the present Petition are as follows: a) The Petitioner filed its return of income for A.Y. 2023-24 on 27.11.2023 declaring a total income of Rs.5,32,85,870/-. Page 2 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc b) Intimation under Section 143(1) was issued on 05.12.2023 without making any adjustment in the income declared. c) The Petitioner had filed an application for Amalgamation with NCLT on 28.12.2021 amalgamating its wholly owned subsidiary company, M/s. Promatics Solutions (I) Pvt. Ltd., for which the Appointed Date was fixed as 01.04.2021. d) The NCLT passed an order dated 05.07.2024 and approved the amalgamation of M/s. Promatics Solutions (I) Pvt. Ltd. with the Petitioner w.e.f. 01.04.2021. e) The Petitioner filed a modified return of income, under Section 170A of the Act, for A.Y. 2023-24, on 23.01.2025, on the Income-tax Portal, declaring total income of Rs.5,26,82,860/-. f) The assessment of income for A.Y. 2023-24 got time barred on 31.03.2025 as provided in the fourth proviso to Section 153(1) of the Act. g) In response to the modified return Respondent No.3 issued a Notice under Section 143(2) for A.Y. 2023-24 on 23.06.2025. Page 3 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc h) The Petitioner filed a reply to the aforesaid Notice on 07.07.2025 and stated that the reply was without prejudice to the contention that the Notice was barred by limitation. In this reply it was explained that the effect of Amalgamation is reduction of income of the Petitioner by a sum of Rs. 6,01,077/-, being the interest charged by the Petitioner to M/s. Promatics Solutions (I) Pvt. Ltd. on its loan amount. i) The Petitioner received a Notice u/s. 142(1) on 21.01.2026 for A.Y. 2023-24. In response to the said Notice, the Petitioner filed an application for adjournment of two weeks. j) The Petitioner filed this Writ Petition on 03.02.2026 seeking to quash the Notice under Section 143(2) dated 23.06.2025 and Notice under Section 142(1) dated 21.01.2026 on the ground that both the Notices are issued after the assessment of the Petitioner's income for A.Y. 2023-24 has become time barred on 31.03.2025 and therefore, both Notices are bad in law and without jurisdiction. Secondly, the notice under Section 143(2) of the Act cannot be issued after a period of three months Page 4 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc from the end of the assessment year, that is, after 30.06.2024.

6. According to the Petitioner, with effect from 01.04.2022, Section 170A has been introduced in the Act by the Finance Act 2022. The said Section, as amended by the Finance Act 2023 with effect from 01.04. 2023, deals with the effect of business reorganisation. Sub-Section (1) of Section 170A of the Act mandates that where prior to the date of the order in respect of business reorganisation, if an assessee has furnished its return of income for any assessment year relevant to the previous year to which such order applies, the successor shall furnish within a period of six months from the end of the month in which the order was issued, a modified return in such form and manner as may be prescribed. As per sub-Section (2) of Section 170A of the Act, in so far as it is relevant for the present purpose, where the assessment proceedings for an assessment year, relevant to a previous year to which the order in respect of reorganisation applies, are completed on the date of furnishing of the modified return, the assessing officer is required to pass an order modifying the total income of the relevant assessment year in accordance with the order of the business reorganisation, and taking into account the modified return so furnished. In the present case, the original return of income filed under Section 139(1) on 27.11.2023 [for A.Y. 2023-24], Page 5 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc was accepted under Section 143(1) of the Act by issuing the Intimation on 05.12.2023. Thereafter a notice under Section 143(2) of the Act was not issued on or before 30.06.2024 as provided in proviso to Section 143(2) of the Act. Therefore, the assessment proceedings were completed and not pending at the time of filing of the modified return of income on 23.01.2025. Hence, as per Section 170A(2)(a) of the Act, Respondent No.3 was under an obligation to pass the order modifying the total income of A.Y. 2023-24 determined as per the Intimation under Section 143(1) of the Act in accordance with the order of amalgamation passed by the NCLT on 05.07.2024 and taking into account the modified return.

7. The grievance raised by the Petitioner in the present Writ Petition concerns the issue of the impugned notice dated 23.06.2025 under Section 143(2) of the IT Act and thereafter issuing the notice dated 21.01.2026 under Section 142(1) of the Act calling for accounts, documents and information unrelated to the order of reorganization in respect of a completed assessment in the context of Section 170A(2)(a) of the Act and no inquiry is made regarding giving effect to the amalgamation order of the NCLT which was the reason for filing the modified return of income under Section 170A(1) of the Act. As the assessment for A.Y. 2023-24 was completed on the date of filing the modified return of income, clause (a) of Page 6 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc sub-Section (2) of Section 170A directs the Assessing Officer to pass an order modifying the total income determined under Section 143(1) of the Act in accordance with the order of amalgamation dated 05.07.2024 and taking into account the modified return of income furnished on 23.01.2025. Both the aforesaid notices lack jurisdiction in as much as the notice under Section 143(2) could not have been issued after 30.06.2024 as per the proviso to Section 143(2) and as the assessment for A.Y. 2023-24 could not be completed after 31.03.2025 as per the fourth proviso to Section 153(1) of the Act, there was no inquiry before assessment which was to be made and hence the said notice under Section 142(1) of the Act collapses. In this backdrop, the learned Counsel appearing for the Petitioner submitted that both the notices are required to be quashed on the ground of lack of jurisdiction. Aggrieved by these notices, the Petitioner has filed the present Writ Petition.

8. On the other hand, the learned Counsel appearing for the Respondents urged that the present petition must be dismissed as it challenges the notices issued for completing the assessment in respect of the modified return of income filed by the Petitioner on 23.01.2025 and, therefore, the challenge to the notices is premature. It was pleaded that the Petitioner has proceeded on an erroneous assumption that filing of a modified return under Section 170A of the Act does not allow fresh Page 7 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc assessment proceedings. Section 170A of the Act was introduced to enable the Assessing Officer to correctly assess the total income in cases of business reorganisation approved by a Court or Tribunal after the return of income for the relevant assessment year is filed. It was further pleaded by the learned Counsel for the Respondents that the return of income filed under Section 170A of the Act is to be verified by using the tools under the Act, and therefore, the interpretation suggested by the Petitioner would render Section 170A of the Act unfeasible. It was also submitted that the notice under Section 142(1) of the Act cannot be faulted merely because it seeks information beyond the amalgamation order of the NCLT. It was further submitted that it is incorrect to contend that issuance of notices under Sections 143(2) and 142(1) of the Act amounts to a back door reassessment. It was submitted that the Respondents have acted strictly within the framework of the Act and have not exceeded their jurisdiction.

9. In rejoinder, it was submitted by the learned Counsel for the Petitioner that the modified return of income filed is to be scrutinised as provided in sub-Section (2) of Section 170A of the Act and that the same was accepted by the Respondent in his affidavit in reply as under: Page 8 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc "4. The filing of a modified return necessarily opens assessment to the extent required to give effect to the reorganisation order." "5. I say that the modified return cannot be equated and compared with the original return filed u/s.139 of the Act. "

10. It was further submitted that in the present petition the notices are challenged as the same are barred by limitation inasmuch as the notice under Section 143(2) cannot be issued after 30 th June 2024 for A.Y. 2023-24 as per the proviso to Section 143(2) of the Act. Secondly, the assessment for A.Y. 2023-24 was to be completed on or before 31.03.2025, and, therefore, the notice under Section 142(1) of the Act cannot be issued after 31.03.2025 to scrutinise the return filed under Section 170A of the Act. Therefore, both the notices are without jurisdiction and hence the same are challenged in the present petition. It was further submitted that clause (a) of sub-Section (2) of Section 170A clearly provides that if the assessment is completed on the date of filing the modified return of income, in such circumstances the Assessing Officer shall pass an order modifying the total income determined in the said assessment to give effect to the order of business reorganisation passed by the Tribunal or the Court. On the other hand, if the assessment is pending on Page 9 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc the date of filing the modified return of income, in such circumstances the Assessing Officer shall pass an order assessing the total income of the relevant assessment year in accordance with the order of the business reorganisation and taking into account the modified return so furnished. Therefore, Section 170A is a code by itself. It was also submitted that in the present case the assessment was completed on the date of filing the modified return of income, and therefore, the Assessing Officer cannot seek information beyond the amalgamation order as provided in clause (a) of sub- Section (2) of Section 170A of the Act. In this regard, the learned Counsel for the Petitioner referred to and relied upon the decision of this Court in the case of Bajaj Electricals Limited v. Assistant Commissioner of Income-tax, Circle-2(1)(1), Mumbai [Writ Petition (L) No. 40696 of 2025 decided on 9th February 2026]. It was also submitted that if the Assessing Officer can scrutinise the return of income as if the original assessment is being carried out where the assessment was completed on the date of filing the modified return for the relevant assessment year, then no distinction will be left between cases covered by clause (a) and those covered by clause (b) of sub- Section (2) of Section 170A of the Act.

11. We have heard the rival submissions made by both parties. Since the issue arising for our consideration concerns interpretation of Page 10 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc Section 170A of the I. T. Act, 1961, it would be appropriate to reproduce the same: "Effect of order of tribunal or court in respect of business reorganization. 170A. (1) Notwithstanding anything to the contrary contained in Section 139, in a case of business reorganization, where prior to the date of order of a High Court or tribunal or an Adjudicating Authority as defined in clause (1) of Section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016) (hereinafter referred to as order in respect of business reorganisation), as the case may be, any return of income has been furnished by an entity to which such order applies under the provisions of Section 139 for any assessment year relevant to the previous year to which such order applies, the successor shall furnish, within a period of six months from the end of the month in which the order was issued, a modified return in such form and manner, as may be prescribed, in accordance with and limited to the said order. (2) Where the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the order in respect of the business reorganisation applies,-- (a) have been completed on the date of furnishing of the modified return in accordance with the provisions of subSection (1), the Assessing Officer shall pass an order modifying the total income of the relevant assessment year determined in such assessment or reassessment, in accordance with such order and taking into account the modified return so furnished; (b) are pending on the date of furnishing of the modified return in accordance with the provisions of sub-Section (1), the Assessing Officer shall pass an order assessing or Page 11 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc reassessing the total income of the relevant assessment year in accordance with the order of the business reorganisation and considering the modified return so furnished. (3) Save as otherwise provided in this Section, in an

assessment or reassessment made in respect of an assessment year under this Section, all other provisions of this Act shall apply and the tax shall be chargeable at the rate or rates as applicable to such assessment year. Explanation - In this Section, the expressions- (i) "business reorganisation" means the reorganisation of business involving the amalgamation or demerger or merger of business of one or more persons; (ii) "successor" means all resulting companies in a business reorganisation, whether or not the company was in existence prior to such business reorganisation." (emphasis supplied).

12. The said Section comes into application, where, prior to the date of the order in respect of business reorganisation, the assessee has furnished any return of income for any assessment year relevant to the previous year to which such order applies. The consequence of the application of Section 170A is that, as per sub-Section (1) thereof, the successor is under an obligation to furnish a modified return of income in the prescribed manner in accordance with and limited to the order of business reorganisation within a period of six months from the end of the month in which the said order was issued. In the present case, the Petitioner had filed its original return of income for the A.Y. 2023-24 on 23.11.2023. The scheme of amalgamation of M/s. Promatics Page 12 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc Solutions (I) Private Limited with the Petitioner was passed on 05.07.2024 by the NCLT. Therefore, the provisions of Section 170A(1) of the Act are applicable to the case of the Petitioner and accordingly the Petitioner filed the modified return of income on 23.01.2025.

13. Section 170A(2) of the IT Act makes a distinction between two scenarios, one being that covered by clause (a) thereof, where the assessment stood completed on the date of furnishing of the modified return of income, and the other being that covered by clause (b), where the assessment was pending on the date of furnishing of the modified return of income. In cases covered by clause (a), the assessing officer has to pass an order modifying the total income determined in the completed assessment in accordance with the order of reorganization and taking into account the modified return. In cases covered by clause (b), dealing with pending assessment, provides for passing an order assessing or reassessing the total income in accordance with the order of reorganization and taking into account the modified return. The distinction between clauses (a) and (b) of sub-Section (2) of Section 170A of the Act is clear in its demarcation. Clause (a) provides for passing of an order modifying the assessed income to give effect to the order of reorganisation considering the modified return of income. There is no scope for issuance of a Page 13 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc notice under Section 143(2) and a notice under Section 142(1) of the Act for making a de novo assessment.

14. An assessment which is already completed can be modified under Section 170A(2)(a) of the Act by taking into consideration the modified return of income filed and to give effect to the order of amalgamation. For this limited extent, information can be called for by the Assessing Officer by invoking the relevant provisions of the Act.

15. On the other hand, Section 170A(2)(b) provides for making an Order of assessment or re-assessment that requires issuance of notices under the Act for determining the total income of the assessee.

16. In the present case, since, the case of the Petitioner falls under Clause (a) of sub-Section (2) of Section 170A, the impugned notice dated 23 rd June, 2025 and 21st January, 2026 issued under Sections 143(2) and 142(1) of the Act are unsustainable for the simple reason that they are not restricted to the modified return of income or to give effect to the Order of amalgamation but seek to re-open the entire assessment of the Petitioner for Assessment Year 2023-2024. In these circumstances, the impugned notices dated 23 rd Page 14 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc June, 2025 and 21st January, 2026 are unsustainable, and accordingly, quashed and set aside.

17. The learned counsel for the Petitioner has informed the Court that during the pendency of this Writ Petition, Respondent No.3 has passed an Order of assessment under Section 143(3), read with Section 144B, on 24th March, 2026 for the assessment year in question, namely Assessment Year 2023-24, determining the total income of the Petitioner as Rs.5,32,85,870/-. The said assessment order referred to the modified return filed by the Petitioner on 23rd January, 2025 but the same is not given effect to, while determining the total income. Since the notices impugned in the present Petition are quashed, the assessment order passed on 24th March, 2026 under Section 143(3), read with Section 144B, is also hereby set aside and Respondent No.3 is directed to pass a fresh order modifying the total income determined pursuant to the intimation under Section 143(1) of the Act dated 5th December, 2023 and to give effect to the modified return filed on 23 rd January, 2025.

18. Rule is accordingly made absolute in the above terms and the Writ Petition is also disposed of in terms thereof. However, there shall be no order as to costs. Page 15 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 ::: sr.4-wp-2041-2026.doc

19. This order will be digitally signed by the Private Secretary/ Personal Assistant of this Court. All concerned will act on production by fax or email of a digitally signed copy of this order. [FIRDOSH P. POONIWALLA, J.] [B. P. COLABAWALLA, J.] Page 16 of 16 APRIL 1, 2026 Mansi shelke ::: Uploaded on - 07/04/2026 ::: Downloaded on - 10/04/2026 21:35:41 :::