



**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**  
**R/SPECIAL CIVIL APPLICATION NO. 7255 of 2024**

**FOR APPROVAL AND SIGNATURE:**

**HONOURABLE MR. JUSTICE BHARGAV D. KARIA**  
**and**  
**HONOURABLE MR. JUSTICE PRANAV TRIVEDI**

Approved for Reporting	Yes	No
		No

RASNA PRIVATE LIMITED  
 Versus  
 DEPUTY COMMISSIONER OF INCOME TAX CIRCLE 3(1)(1) AHMEDABAD  
 & ANR.

Appearance:  
 MR B S SOPARKAR(6851) for the Petitioner(s) No. 1  
 MS MAITHILI D MEHTA(3206) for the Respondent(s) No. 1  
 NOTICE SERVED for the Respondent(s) No. 2

**CORAM: HONOURABLE MR. JUSTICE BHARGAV D. KARIA**  
**and**  
**HONOURABLE MR. JUSTICE PRANAV TRIVEDI**

**Date : 15/10/2025**

**ORAL JUDGMENT**

**(PER : HONOURABLE MR. JUSTICE BHARGAV D. KARIA)**

1. Heard learned advocate Mr.B.S.Soparkar for the petitioner and learned Senior Standing Counsel Ms.Maithili D. Mehta for the respondents.



2. **Rule**, returnable forthwith. Learned Senior Standing Counsel Ms.Maithili Mehta waives service of notice of rule for and on behalf of the respondents.

3. In compliance of the order dated 1st September, 2025, learned Senior Standing Counsel Ms.Maithili Mehta has placed on record the affidavit-in-replies filed by the Director General of Income Tax (Systems), Delhi and DGIT (Systems) Bengaluru on behalf of the respondent No.2. The same are ordered to be taken on record.

4.1. This Court passed the following order on 1st May, 2024 :

*"1. Heard learned advocate Mr.B.S.*



*Soparkar for the petitioner.*

*2. It was submitted that the respondent has issued notice under Section 148 on the basis of the order passed under Section 148A(d) of the Income Tax Act, 1961 on the basis of information made available with the department that the petitioner having old PAN No.AABCR5577P which has been amalgamated with Waves Foods Private Limited having PAN No.AAACW4408M by the order of this Court dated 01st September, 2009, which was later on renamed as Rasna Private Limited PAN No.AAACW4408M has entered into the transactions in the old PAN number though the company is amalgamated.*

*2.1 It was submitted that the petitioner has explained in detail that there is no transaction in the old PAN*



*number and all the transactions which are referred to on the basis of the information available with the department through computer system are reflected in the books of accounts of the petitioner having new PAN No.AAACW4408M.*

*2.2 Learned advocate Mr.Soparkar invited our attention that for the A.Y. 2016-17 also the notice was issued under Section 148A(b) and considering the reply filed by the petitioner that the petitioner has disclosed all the transactions in the new PAN No.AAACW4408M, the Assessing Officer did not find that it is a fit case for issuance of notice under Section 148 of the Act and dropped the proceeding by passing order under Section 148A(d) of the Act.*



2.3 Learned advocate also referred to the closure of the grievance raised by the petitioner to close old PAN No.AABCR5577P as the said PAN number has become deactivated on amalgamation of the erstwhile Rassna Private Limited with Waves Foods Private Limited and which has now been renamed as Rasna Private Limited and it has been pointed out that the grievance is resolved as under.

“As per our ITBA system Company M/s. RASNA PVT. LTD. having PAN: AABCR5577P has been merged with of M/s. RASNA PVT. LTD. (Old Name - WAVES FOODS PVT. LTD.) having PAN: AAACW4408M. (Screen shot attached)”

2.4 It was, therefore, submitted that inspite of such resolution of the matter, the respondent is issuing



*notice every year for the transactions on the wrong information supplied by the software that the transactions are carried out in the old PAN number though no transaction is carried out.*

*3. Considering the above submissions, let the head of the computer system of the Income Tax Department i.e. DGITC (Systems), Ground Floor, ARA Centre, E-2, Jhandewalan Extension, New Delhi-1100055 having email id [dgit.systems@incometax.gov.in](mailto:dgit.systems@incometax.gov.in) be joined as party respondent No.2.*

*4. Issue Notice to the respondents to file affidavit-in-reply in detail, as to why repeated notices are issued under Section 148 of the Act on the basis of the information which is not correct as per the record available with the department so as to cause*



*harassment to the citizens of this country, returnable on 11th June, 2024.*

*Direct service, through email, is permitted.”*

4.2. As the aforesaid order was not complied with due to incomplete Email address having been provided by the learned counsel for the Department, following order was passed on 26th August, 2025:

*“Inspite of order passed by this Court on 1st May, 2024 requesting the respondent no.2 -DGITC (Systems) having Email-ID dgit.systems@incometax.gov.in to file affidavit-in-reply in detail to explain why repeated notices are issued under section 148 of the Act on the basis of information which is not correct as per the record available with*



*the department, till date no compliance is made to the order dated 1st May, 2024 even though the notice was served on 21st May, 2024 as per affidavit of service filed by the petitioner.*

*Therefore, respondent no.2 is ordered to remain present before this Court in person or through virtual mode for compliance of order dated 1st May, 2024, failing which, the Court shall be compelled to pass necessary order under the provisions of Contempt of Courts Act,1971. It is also pertinent to note that this matter is already listed for 10 times.*

*Stand over to 1st September, 2025.*

*Direct service today through email is permitted.*

*To be listed on top of the Board."*



4.3. In compliance of the order dated 26th August, 2025, the respondent No.2 remained present through video conference on 1st September, 2025 and following order was passed:

*“In compliance of our order dated 26.08.2025, learned Senior Standing Counsel Ms. Maithili Mehta for the respondents has filed affidavit-in-reply on behalf of the respondent no. 2 stating that the E-mail address stated in the order dated 01.05.2024 was not correct and therefore the said order was not complied with by the respondent no. 2.*

*Moreover, Mr. Manu Malik DGIT (s) Delhi and Mr. Sanjay Kumar, DGIT, System Bengaluru are present through video conference and they have been heard. It*



*is also made known to both the officers of respondent no. 2 - Mr. Manu Malik DGIT (System) Delhi and Mr. Sanjay Kumar, DGIT, (System) Bengaluru to revert back with appropriate action which may be taken to resolve the issues of use of multiple PAN of the amalgamated merged companies and initiation of the proceedings by the respondent Income Tax Department before the next date of hearing.*

*Stand over to 09.09.2025.*

*To be listed at 02:30 pm in a separate Board."*

4.4. In the affidavit-in-reply filed by Director General of Income Tax (Systems), Delhi, following averments are made :

*"2. I state that in the existing case*



*selection procedures for Non-Filers, the business and investment transactions reported against a particular PAN by third parties are considered before fagging a case to Jurisdictional Assessing Officer. The status of PAN is not factored into the framing and execution of rules. As highlighted in the present petition, this omission can lead to instances of selection of cases based on reporting of transactions on earlier/deactivated PANs.*

*3. I state that the data on amalgamated or merged companies is not directly available with the Directorate of Systems. Under the current framework, companies or other entities with change in organization can intimate the Jurisdictional Assessing Officer (JAO) for event marking for a PAN in the PAN*



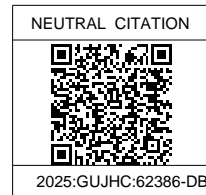
*Module in ITBA. For example, in respect of event marking for Amalgamation, JAOs can enter Source PANs (PAN/s of the predecessor entities (amalgamating companies) and Linked PANS (PAN of the Successor entity (amalgamated company). Henceforth, it is proposed that the data available with the Income Tax Department (ITD) in respect of flagging and marking of such events against a particular PAN will be shared with the Risk Assessment team and be used in the case selection process.*

*4. Hence, in all cases involving PANs where the JAO has recorded an event such as Amalgamation, Acquisition, Merger, Conversion of Proprietorship into Company, Conversion of Firm into LLP, Conversion of Firm/LLP into Company, or Conversion of Company into LLP-i.e., cases where a successor PAN*



*exists, the transactions recorded against the original PAN/PANs will be consolidated against the successor PAN. This will require some system development, mapping and integration on multiple platforms a databases. The requirement for his development has been raised with the Managed Service Provider of the project. A formal time frame is yet to be communicated. However, considering that the project is in its last phase with all systems & components in stage of late maturity, this development may take some time.*

*5. As an interim measure, while framing the case selection rules for Non-Filers, a separate list of PANs where such events have been marked and returns are being filed on the successor PAN, will be generated. The PANs in this list will be excluded from*



*selection under the Non-Filer Management System.”*

4.5. In the affidavit-in-reply filed by the DGIT (Systems) Bengaluru, procedure formulated by Systems Directorate for issuing notices in cases of Amalgamation/De-Merger of Companies and in cases where notices are issued to the Legal Heirs through ITBA module has been explained through detailed procured annexed at Annexure-A to the affidavit-in-reply, which reads as under :

**“Annexure - A**

***Steps taken by Systems Directorate to prevent issue of notices to deactivated PANs, dead persons or non-existent entities***

*In order to prevent instances of*



*notices being issued in the name of a deadlived PAN, deceased assessee or a non-existent entity in cases of amalgamation/merger/demerger etc., the Systems Directorate has enabled a functionality in ITBA for automatic updation of the addressee's name in the statutory communications based on **Event Marking** and **Legal Heir Addition** done by the Jurisdictional Assessing Officers.*

**(A) Event marking in ITBA and updating of name in ITBA communications**

*1. Following is the overview of the steps to be followed by Jurisdictional/Central/ International Taxation AOs for Event Marking for a PAN in PAN Module in ITBA:*

**Login to ITBA >> PAN Module >> Menu >> Event Marking for PAN(s) >> Mark Event >> Select the 'Event Name' >> AO**



*user has to enter the **Source PAN/s** and **Linked PAN/s** >> Enter **Remarks**, if any >> Click on '**Mark Event**'.*

*The detailed steps along with all screenshots are already provided in the User Manual of PAN Module, which is available in 'ITBA Help Guide' section on ITBA Home Page.*

*2. In case of Amalgamation, Source PAN/s are the PAN/s of the predecessor entities (amalgamating companies), and Linked PAN is the PAN of the Successor entity (amalgamated company). Jurisdictional Assessing Officers (JAO) have been advised to correctly enter Source and Linked PANs in the User Manual of PAN Module available in 'ITBA Help Guide' section on ITBA Home Page.*

*3. Once event of Amalgamation (or other events, as per Table below) is marked*



*on the Predecessor PANs in the above way, then any communications generated in ITBA in any proceedings on a Predecessor entity's PAN (also called old PAN/s) will automatically start carrying the Successor's name in the addressee field in place of the Predecessor's name.*

*Thus, for example, if a 142(1) notice is being generated by Faceless Assessment Unit while working in the assessment work-item on a predecessor entity's PAN, the name that will start getting printed automatically on top of the 142(1) Notice (i.e., in the Name of Assessee/Addressee field) will be the name of the Successor entity (whose PAN was mentioned as Linked PAN while doing event marking of Amalgamation by the JAO). This takes care of the aspect of addressing communications in the name*



*of Successor entity after amalgamation (even if the communication is meant for the erstwhile Predecessor entity), as mandated by various judicial pronouncements.*

4. *It may be noted that only the JAOs can do event marking in PAN module, and not Faceless Assessment Units/Faceless Assessment Officers (FAU/FAO). The FAOS can communicate to JAO by way of using "Issue Letter" and ask JAO to do event marking. **Further, JAOs have been advised to undertake Event Marking as soon as they come to know of any scheme of Amalgamation (or any other such events, as per below Table) for any entity in their charge.***

5. *In the case of Event '**Demerger**' where Linked PAN can be more than one, JAO has been advised to select check*



*box 'PAN to be used for Communication' against one Linked PAN of which Name will be used in future. In case Source PAN and Linked PAN are same, then Source PAN will be selected automatically for 'PAN to be used for Communication'.*

*6. Below table summarises the changes that are made on marking of various kinds of events in PAN Module:*

No.	Event Name	Source PAN/s	Linked PAN/s	Whether name is updated by event marking
1	Amalgamation	Multiple	Single	Yes
2	Acquisition	Multiple	Single	Yes
3	Merger	Multiple	Single	Yes
4	Death	Single	None	Name is not updated by marking event of Death in PAN module. Rather, if legal heir is added in Common Functions module, then name is updated
4	Fake Assessee	Single	None	No
5	Dissolution	Single	None	No
6	Liquidation	Single	None	No



8	Partitioning of HUF	Single	Multiple	Yes
9	Demerger	Single	Multiple	Yes
10	Conversion of Proprietorship to Company	Single	Single	Yes
11	Conversion of Firm to LLP	Single	Single	Yes
12	Conversion of Firm/LLP to Company	Single	Single	Yes
13	Conversion of Company into LLP	Single	Single	Yes

**(B) Legal Heir addition in ITBA and updating of name in ITBA communications**

1. The Legal Heir Details screen in Common Functions module facilitates the AOs to add Legal Heir in the system for deceased assesseees.

2. Jurisdictional/ Central/ International Taxation AOs can add legal heir, and not FAUs. Following is the overview of the steps to be followed by AOs for adding Legal Heir in ITBA



**ITBA Portal >> Common Functions >> Menu >> Legal Heir Details >> Enter PAN of the Deceased** and tab out. Click on **Search >>** In case legal heir details are available in system, same will be displayed. Else, user will be able to proceed with adding a new Legal Heir for the deceased PAN by clicking on **Add Legal Heir >> Enter Date of death >> Enter Legal Heir PAN.** Based on PAN, **Name and communication Address** is displayed on screen >> Select **Relation with Assessee >> Select Refund to be released** to legal heir (**Yes or No**) >> In case where **Refund to be released** is selected as **Yes**, the request will be submitted to **Range Head** for approval of legal heir addition request. If **Refund to be released** is **No**, it will not be submitted to Range Head for approval. >> Click on **Save** button to save the details



*in the system >> AO can add any supporting documents for the Legal Heir request >> In case where **Refund to be released** is **Yes**, User has to save Bank Details for the Legal Heir request. In case where **Refund to be released** is **No**, Bank details are optional >> If the request has to go to Range for approval, Range User will be able to **Approve, Reject** or **Send Back** the request. In Range Head code, screen will be displayed in View Only mode for viewing the details for the Legal Heir request >> Once Legal Heir request is approved by Range Head, **status** of the Legal Heir in Legal Heir screen as seen by AO will be updated as **Active**.*

*3. The detailed steps along with all screenshots are already provided in the User Manual of Common Functions Module, which is available in 'ITBA Help Guide'*



*section on ITBA Home Page.*

*4. After completion of above process, any communication issued in ITBA on the PAN of the deceased will start carrying (in the addressee name field) the name of the Legal heir.*

**NOTE:** *It may be noted that by the aforesaid Event marking or Legal heir addition, only name gets updated; and there is no impact on the PAN being printed in the notices/communications.*

*Further, no additional texts such as "As successor to ..." or "Legal heir of ..." etc. are added with the names. Only the name of old entity/person gets replaced by that of new entity/person without any other qualifying texts etc."*

4.6. Adverting to the facts of the present



case, M/s.Rasna Private Limited having PAN No.AABCR5577P was merged with Waves Foods Private Limited having PAN No.AAACW4408M in the year 2009 and therefore, M/s.Rasna Private Limited has ceased to exist from the date of merger in the year 2009 by the High Court order dated 20th August, 2009. Thereafter, name of the Waves Foods Private Limited was changed to Rasna Private Limited.

4.7. It is the case of the petitioner that an application was made to deactivate the old PAN being PAN No.AABCR5577P, however, no action was taken by the Income Tax Department and after several applications, grievance was raised on Grievance Redressal portal on 24th June, 2020 followed by another grievance



raised on 19th June, 2021. The said grievance was closed with the noting that as per ITBA systems, company-Rasna Private Limited having PAN No.AABCR5577P has been merged with the company having PAN No.AAACW4408M.

4.8. The petitioner filed the return of income for Assessment Year 2017-18 on 28.10.2017 offering total income of Rs.3,28,66,254/-. The return of income was taken up for scrutiny and Assessment Order dated 23.12.2019 was passed under Section 143(3) of the Income Tax Act, 1961 (for short 'the Act') assessing the income at Rs.3,64,99,201/-.

4.9. The petitioner thereafter received a notice under Section 148A(b) of the Act in



name of Rasna Private Limited showing PAN No.AABCR5577P (which was already merged with the PAN of AAACW4408M as stated on Grievance Redressal Portal on 19th June, 2021) for the Assessment Year 2016-17. The said notice was issued on 21st February, 2024 on the ground that no return of income is filed in the PAN No.AABCR5577P for the transactions undertaken by the entity namely Rasna Private Limited. The petitioner replied that the entity namely "Rasna Private Limited" having "PAN AABCR5577P" is already merged with the petitioner and the transactions are recorded in the books of the petitioner and the return of income is already filed which was assessed under Section 143(3) of the Act. However, no



order under Section 148A(d) of the Act was passed dropping the said notice.

4.10. The petitioner was shocked and surprised to receive another notice issued under Section 148A(b) of the Act on 30th March, 2024 by the respondent for the Assessment Year 2017-18 asking the petitioner to explain whether the transactions which were shown to be entered into by the Rasna Private Limited having PAN AABCR5577P has been offered for taxation by the petitioner or not which was replied on 11.04.2024 providing all the details asked for impressing upon the respondent that all the transactions are properly accounted in the books of the petitioner-Company and similar notice was issued for Assessment Year 2016-17



as well, after due examination of the identical facts was closed.

4.11. In spite of such reply given by the petitioner, ignoring the contents thereof, the respondent disposed of the objections filed by the petitioner by the impugned order under Section 148A(d) of the Act on arriving at a prima-facie satisfaction that it is a fit case to re-open the assessment for Assessment Year 2017-18 and issued notice dated 16.04.2024 under Section 148 of the Act.

4.12. In view of the above undisputed facts, this Court passed the aforesaid orders and in response, the affidavit-in-replies have been filed by the Director General of Income Tax



(Systems), Delhi and DGIT (Systems) Bengaluru wherein, it is clearly accepted that there is no linkage of PAN database with the existing case selection procedure for Non-Filers, the business and investment transactions reported against a particular PAN by third parties are only considered before fagging a case to the Jurisdictional Officer and status of PAN is not at all taken into consideration by the system.

5. In view of such faulty system, which is now being improved as stated in the affidavit-in-replies, we have no option but to quash and set aside the impugned order passed under Section 148A(d) of the Act and the notice



issued under Section 148 of the Act for the Assessment Year 2017-18, as the same is based upon the PAN No.AABCR5577P which is not in existence since 2009 and it is astonishing that the system is unable to record the deactivated PAN so as to not to harass the assesseees by issuing the frivolous notices on the deactivated PAN Numbers.

6. It is also shocking that inspite of filing reply by the petitioner-assessee intimating that such PAN Number is deactivated in the year 2009, the respondent-Assessing Officer is not paying any heed to such reply and solely relied upon the information available on the system, as if the system is the only source for taking actions under the provisions of the

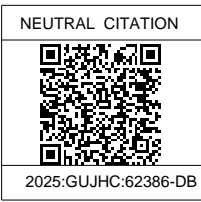


Act and there is total non-application of mind on behalf of the respondent-Assessing Officer as well as the negligence on the part of the respondent-Assessing Officer for not verifying the data provided by the petitioner-assessee in the replies time and again by disclosing that the PAN AABCR5577P is not active since 2009 and inspite of such disclosure made by the petitioner, the impugned order and the notices are issued for re-opening the assessment of 2017-18 without verifying that the petitioner has also disclosed the PAN Number, which is active and in which all transactions are disclosed, which is available in the system and entire data of all the transactions though is available, the same is



reflected in the impugned order to come to the conclusion that such transactions are not offered to tax in PAN AABCR5577P, which is already deactivated in the year 2009.

7. In view of the above facts, the petition is allowed. The impugned notices dated 30th March, 2024 issued under Section 148A(b) of the Act and 16th April, 2024 issued under Section 148 of the Act as well as the impugned order dated 16th April, 2024 passed under Section 148A(d) of the Act are hereby quashed and set aside and we hope that the respondent No.2-Director General of Income Tax (Systems), Delhi and DGIT (Systems) Bengaluru will look into the matter and that similar issues do not crop up in future .



8. With this hope, the petition is disposed of. Rule is made absolute to the aforesaid extent. No orders as to cost.

**(BHARGAV D. KARIA, J)**

**(PRANAV TRIVEDI,J)**

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