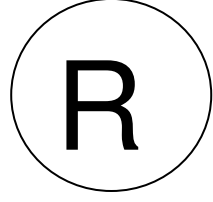


Reserved on : 05.06.2026
Pronounced on : 07.07.2026



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 07TH DAY OF JULY, 2026

PRESENT

THE HON'BLE MR. JUSTICE S.G.PANDIT

AND

THE HON'BLE MR. JUSTICE K. V. ARAVIND

INCOME TAX APPEAL No. 55 OF 2024

C/W

INCOME TAX APPEAL No. 216 OF 2023

IN ITA No. 55/2024

BETWEEN:

1. THE PR. COMMISSIONER OF INCOME TAX,
5TH FLOOR, BMTC BUILDING,
80 FEET ROAD,
KORAMANGALA ,
BENGALURU 560 095.
2. THE ASST. COMMISSIONER OF INCOME TAX
CIRCLE 7(1)(1),
PRESENT ADDRESS,
DCIT, CIRCLE 7(1)(1)
2ND FLOOR, BMTC BUILDING,
80 FEET ROAD, KORAMANGALA,
BENGALURU 560095.

...APPELLANTS

(BY SRI K. ARVIND KAMATH, ASG A/W
SRI E.I. SANMATHI, SENIOR STANDING COUNSEL AND
SRI NIRMAL MATHEW, JUNIOR STANDING COUNSEL)



AND:

1. M/S UNISYS INDIA PVT. LTD.,
4TH TO 11TH FLOORS, BLOCK-3
WING-B, SURVEY No.31/1,
RGA TECH PARK, SEZ VARTHUR HOBLI,
SARJAPUR ROAD,
CHIKKAKANNALLI VILLAGE,
BENGALURU 560 035.
KARNATAKA.
PAN: AAACU 1502G.

...RESPONDENT

(BY SRI T. SURYANARAYANA, SENIOR ADVOCATE FOR
SMT. TANMAYEE RAJKUMAR, ADVOCATE)

THIS ITA / INCOME TAX APPEAL UNDER SECTION 260-A OF INCOME TAX ACT 1961, ARISING OUT OF ORDER DATED 31/05/2023 PASSED IN IT(TP)A No.851/BANG/2022, FOR THE ASSESSMENT YEAR 2017-2018, PRAYING TO FORMULATE THE SUBSTANTIAL QUESTIONS OF LAW STATED THEREIN. ALLOW THE APPEAL AND SET ASIDE THE ORDERS PASSED BY THE INCOME TAX APPELLATE TRIBUNAL, BENGALURU IN IT(TP)A No.851/BANG/2022 DATED 31/05/2023 FOR ASSESSMENT YEAR 2017-2018 ANNEXURE-A AND CONFIRM THE ORDER OF THE DRP CONFIRMING THE ORDER PASSED BY THE DEPUTY COMMISSIONER OF INCOME TAX, CIRCLE-7(1)(1), BENGALURU.

IN ITA No. 216/2023

BETWEEN:

1. THE PR. COMMISSIONER OF INCOME TAX,
CENTRAL, 3RD FLOOR,
C. R. BUILDING,
QUEENS ROAD,
BENGALURU-560001.
2. THE PR. COMMISSIONER OF INCOME TAX,
CENTRAL,
PRESENT ADDRESS
DCIT, CENTRAL CIRCLE-1(1)
3RD FLOOR, C. R. BUILDING

QUEENS ROAD,
BENGALURU-560001.

...APPELLANTS

(BY SRI K. ARVIND KAMATH, ASG A/W
SRI Y.V. RAVIRAJ, SENIOR STANDING COUNSEL AND
SRI DILIP M., JUNIOR STANDING COUNSEL)

AND:

1. SHRI H. K. SURESH,
No.553/1, 1ST A CROSS,
3RD STAGE, 4TH BLOCK,
BASAVESHWARANAGAR,
BENGALURU-560040,
PAN-AGSPS8913N.

...RESPONDENT

(BY SRI HEMANTH VENKATRAY PAI, ADVOCATE)

THIS ITA / INCOME TAX APPEAL UNDER SECTION 260-A OF THE INCOME TAX ACT, 1961, PRAYING TO FORMULATE THE SUBSTANTIAL QUESTIONS OF LAW STATED ABOVE. ALLOW THE APPEAL AND SET ASIDE THE ORDERS PASSED BY THE INCOME-TAX APPELLATE TRIBUNAL, BENGALURU IN ITA No. 625/BANG/2021 DATED 06.12.2022 FOR ASSESSMENT YEAR 2011-2012 ANNEXURE- C AND CONFIRM THE ORDER OF THE UNDER SECTION 263 CONFIRMING THE ORDER PASSED BY THE DEPUTY COMMISSIONER OF INCOME-TAX, CENTRAL CIRCLE-1(1), BENGALURU.

THESE APPEALS HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, **K.V. ARAVIND J.**, DELIVERED THE FOLLOWING:-

CORAM: HON'BLE MR. JUSTICE S.G.PANDIT
and
HON'BLE MR. JUSTICE K. V. ARAVIND

C.A.V. JUDGMENT

(PER: HON'BLE MR. JUSTICE K. V. ARAVIND)

Heard Sri K. Arvind Kamath, learned Additional Solicitor General of India, along with Sri E.I. Sanmathi, learned Senior Standing Counsel, and Sri Nirmal Mathew, learned Junior Standing Counsel, for the appellants-Revenue, and Sri T. Suryanarayana, learned Senior Counsel, for Smt. Tanmayee Rajkumar, learned counsel for the respondent-Assessee in ITA No.55/2024. Also heard Sri K. Arvind Kamath, learned Additional Solicitor General of India, along with Sri Y.V. Raviraj, learned Senior Standing Counsel, and Sri M. Dilip, learned Junior Standing Counsel, for the appellants-Revenue, and Sri Hemanth Venkatray Pai, learned counsel for the respondent-Assessee in ITA No.216/2023.

2. Since these appeals involve identical questions of law, they were heard together and are being disposed of by this common judgment.

3. This Court, by order dated 31.01.2026, admitted ITA No.55/2024 to consider the following substantial question of law:

"Whether the Tribunal was right in law and fact in quashing the assessment order when the DIN was duly generated by DRP while passing the direction and when the final assessment order was also passed after generation of DIN?"

3.1 This Court, by order dated 22.05.2023, admitted ITA No.216/2023 to consider the following substantial questions of law:

- "1. Whether the Tribunal was right in law holding that order passed under section 263 of the Act was not having a Document Identification Number (DIN) even when the order was uploaded through ITBA. Further Tribunal erred in holding that order is invalid as per Circular No.19 of 2019 dated 14/8/2019 without considering the intention behind said circular which was never violated while passing the order under section 263 of the Act?*
- 2. Whether on the facts and circumstances of the case and in law, the Tribunal's order can be said as perverse in nature quashing the order passed under section 263 of the Act without considering the merits of the case and as such order passed by the Tribunal is perverse in nature?"*

FACTS

4. In ITA No.55/2024, the respondent-Assessee is engaged in the business of trading and installation of information technology-related products and services, software development, and business process outsourcing. The Assessee filed its return of income for the assessment year 2017-18 on

30.11.2017. The case was selected for scrutiny, and a notice under Section 143(2) of the Income-tax Act, 1961 (for short, “the Act”) was issued. Thereafter, the matter was referred to the Transfer Pricing Officer (TPO) for determination of the arm’s length price. The TPO passed an order under Section 92CA(3) of the Act.

4.1 Based on the arm’s length price determined by the TPO, the Assessing Officer passed a draft assessment order under Section 144C of the Act on 15.09.2021. Aggrieved thereby, the Assessee filed objections before the Dispute Resolution Panel (DRP). The DRP, by its order dated 29.06.2022, issued directions to the Assessing Officer. Pursuant to the said directions, the Assessing Officer finalized the assessment by order dated 18.07.2022.

4.2 The Assessee thereafter preferred an appeal before the Tribunal challenging the directions issued by the DRP, the consequential final assessment order, and the determination of the arm’s length price by the TPO. By the impugned order dated 31.05.2023, the Tribunal set aside the order of the DRP, holding that the same was passed in contravention of Circular No.19/2019 dated 14.08.2019 issued by the Central Board of

Direct Taxes. Aggrieved thereby, the Revenue has preferred the present appeal.

5. In ITA No.216/2023, the respondent-Assessee, a contractor, filed its return of income for the assessment year 2011-12. The return was selected for scrutiny, and an assessment order came to be passed under Section 143(3) of the Income-tax Act, 1961 (for short, "the Act") on 07.02.2014.

5.1 Subsequently, the Principal Commissioner of Income Tax invoked the revisional jurisdiction under Section 263 of the Act. In exercise of the said power, and after affording an opportunity of hearing to the Assessee, the Revisional Authority, by order dated 15.03.2021, set aside the assessment order on the ground that it was erroneous and prejudicial to the interests of the Revenue, and directed the Assessing Officer to re-do the assessment after providing adequate opportunity to the Assessee.

5.2 Aggrieved by the revisional order, the Assessee preferred an appeal before the Tribunal. By the impugned order dated 06.12.2022, the Tribunal set aside the order passed under Section 263 of the Act, holding that the same was in contravention of Circular No.19/2019 dated 14.08.2019.

Aggrieved thereby, the Revenue has preferred the present appeal.

**SUBMISSIONS OF SRI K. ARVIND KAMATH, LEARNED
ADDITIONAL SOLICITOR GENERAL OF INDIA (ASG),
APPEARING FOR THE APPELLANTS-REVENUE:**

IN ITA NO.55/2024

6. Learned ASG submits that the order of the DRP was uploaded in the Income Tax Business Application (ITBA) for generation of a Document Identification Number (DIN). At that stage, the order of the DRP, though not bearing a DIN, was also communicated to the Assessee. Upon generation of the DIN, the order of the DRP bearing the DIN was communicated to the Assessee through a separate communication dated 30.06.2022.

6.1 It is contended that such a procedure is permissible under Circular No.19/2019 dated 14.08.2019 and the subsequent instructions issued by the Directorate of Income Tax (Systems). Learned ASG would therefore submit that there is substantial compliance with the requirements of Circular No.19/2019 dated 14.08.2019.

6.2 In support of the said contention, reliance is placed on the communication dated 30.06.2022 addressed to the Assessee, which bears a DIN in respect of the order of the DRP dated 29.06.2022 passed under Section 144C(5) of the Act, as well as a separate DIN assigned to the communication dated 30.06.2022 itself.

6.3 Learned ASG further submits that, having regard to the object of mandating that the communication contain a DIN and the procedure implemented as permitted by the competent authority, there is no non-compliance with Circular No.19/2019 dated 14.08.2019. It is submitted that the Tribunal, without considering the above aspects, erroneously set aside the orders on the ground of non-compliance with Circular No.19/2019 dated 14.08.2019.

6.4 Learned ASG also invited the attention of this Court to the affidavit dated 04.09.2024 filed by the Deputy Commissioner of Income Tax, Central Circle-1(3), Bengaluru, explaining the procedure and the manner in which the DIN can be generated and communicated.

IN ITA NO.216/2023

7. Learned ASG submits that the order dated 15.03.2021 passed under Section 263 of the Act was communicated to the Assessee without a DIN. On the same day, a DIN was generated and communicated by intimation letter dated 15.03.2021, which contains the DIN pertaining to the order passed under Section 263 of the Act dated 15.03.2021, as well as a DIN for the intimation letter dated 15.03.2021 itself.

7.1 It is further submitted that the requirement is the communication of the DIN so as to authenticate the correspondence made. Such correspondence may include a notice, order, summons, assessment order, or an appellate order passed by the Assessing Officer. Though Circular No.19/2019 stipulates that the DIN should be quoted in the body of such communication, the subsequent circulars / notifications / communications permit communication of the DIN through a separate communication/letter.

7.2 It is submitted that the expression "body of such communication" occurring in Circular No.19/2019 cannot be construed as the body of the order itself; rather, it may refer to

the body of any communication. In the present case, such communication is the intimation letter dated 15.03.2021.

7.3 Learned ASG further submits that the Finance Act, 2026 has inserted Section 292BA. In view of the said amendment, any mistake, defect, or omission in quoting the computer-generated DIN is treated as a curable defect, and an order issued without a DIN would not stand invalidated.

SUBMISSIONS OF SRI T. SURYANARAYANA, LEARNED SENIOR COUNSEL APPEARING FOR THE RESPONDENT-ASSESSEE IN ITA NO.55/2024:

8. Learned Senior Counsel submits that the order of the DRP was communicated without a DIN. The subsequent generation of a DIN and communication of the same, according to him, does not constitute compliance with Circular No.19/2019. It is submitted that if any order is to be communicated without a DIN, prior written approval of the Chief Commissioner or Director General of Income Tax is necessary. In the present case, no such approval was obtained. According to the learned Senior Counsel, subsequent generation and communication of a DIN is not a procedure contemplated under Circular No.19/2019.

8.1 It is further submitted that an order communicated to the Assessee without a DIN is, by operation of the Circular, invalid and is deemed never to have been issued. Without prejudice to the said contention, learned Senior Counsel submits that subsequent communication of a DIN through a separate letter/communication does not amount to compliance with the mandatory requirement of the Circular.

8.2 It is also submitted that the amendment introducing Section 292BA by the Finance Act, 2026, would neither cure the defect nor validate the order. Hence, the amendment is of no assistance to the Revenue. Learned Senior Counsel further submits that, at the highest, the amendment by insertion of Section 292BA may save an assessment order and not an order passed by the DRP.

8.3 It is further contended that, having regard to the language employed in Circular No.19/2019, the subsequent generation and communication of a DIN does not establish any nexus with the document that was uploaded without a DIN. The object of a DIN is to authenticate the document. In the absence of a discernible nexus between the DIN and the document, the

purpose of the Circular cannot be said to have been achieved nor can there be compliance with its requirements.

8.4 It is lastly submitted that even the DIN said to have been communicated, as well as the manual entry of the DIN on the order of the DRP, is incorrect and, therefore, there is no compliance with the Circular.

SUBMISSIONS OF SRI HEMANTH VENKATRAY PAI, LEARNED COUNSEL APPEARING FOR THE RESPONDENT-ASSESSEE IN ITA NO.216/2023:

9. Learned counsel for the respondent-Assessee submits that the order passed under Section 263 of the Act was communicated without a DIN. The subsequent generation and communication of a DIN, according to him, does not amount to compliance with the mandatory requirements of Circular No.19/2019.

9.1 It is submitted that the Revenue has manually entered the DIN in the order passed under Section 263 of the Act, and the same has been produced before this Court. Learned counsel further submits that there was no second communication of the order passed under Section 263 of the Act bearing a DIN, as

claimed by the Revenue. According to the respondent, only one order under Section 263 of the Act, which did not contain a DIN, was received.

9.2 In the above circumstances, learned counsel submits that the findings recorded by the Tribunal are justified. It is also submitted that mentioning the DIN in the order is mandatory.

ANALYSIS

10. We have considered the submissions made by learned counsels appearing for the respective parties.

11. In both cases, it is undisputed that the order of the DRP and the order passed under Section 263 of the Act were initially communicated to the Assessee without a DIN. The DINs were generated after the orders were uploaded in the system. The DINs generated in respect of these orders were thereafter communicated through separate intimation letters, which themselves bear separate DINs.

12. In ITA No.55/2024, the intimation letter dated 30.06.2022 communicates the DIN pertaining to the order dated 29.06.2022 passed under Section 144C (5) of the Act. Similarly, in ITA No.216/2023, the intimation letter dated

15.03.2021 communicates the DIN pertaining to the order dated 15.03.2021 passed under Section 263 of the Act. The said communications themselves bear separate DINs. The issuance of these communications is not seriously disputed.

13. Both the orders produced on record contain manual mention of the DIN. It is the specific case of the Revenue that, along with the communications, the orders containing the manually entered DINs were also communicated to the respective Assesseees.

14. Learned counsel for the respondent-Assessee in ITA No.216/2023 made an unsuccessful attempt to contend that the DIN was never manually entered in the order passed under Section 263 of the Act and that no such order was communicated to the respondent. We are unable to accept the said submission.

15. By order dated 11.11.2024, this Court called for the records of the Tribunal. The appeal before the Tribunal was filed by the Assessee along with Form No.36, grounds of appeal, revised grounds of appeal, the order passed under Section 263 of the Act, the assessment order dated 31.12.2018 passed under Section 147 read with Section 144 of the Act, and

the challan evidencing payment of court fee. The order dated 15.03.2021 passed under Section 263 of the Act, forming part of the Tribunal record produced by the respondent-Assessee, contains a manually entered DIN at Sl. No.6 on page No.20.

16. Learned counsel for the respondent-Assessee relied upon a letter dated 01.12.2022 enclosing notarized copies of the intimation letter dated 15.03.2021 and the order passed under Section 263 of the Act to contend that the second communication of the order under Section 263 of the Act did not contain the DIN. However, if the order passed under Section 263 of the Act containing the manually entered DIN had never been communicated, this Court is unable to comprehend how the very same order dated 15.03.2021, containing the manually entered DIN at Sl. No.6 on page No.20, came to be enclosed by the Assessee himself along with Form No.36 before the Tribunal.

17. During the course of hearing, when the said order forming part of the Tribunal record was confronted to the learned counsel, it was suggested that the document at page No.20 had been subsequently inserted into the Tribunal record by the Assessing Officer, thereby implying manipulation of the

record. We find the said submission to be wholly untenable and devoid of substance warranting further examination.

18. The letter dated 01.12.2022 filed before the Tribunal does not contain any such allegation. Further, the submission now advanced before this Court also does not merit acceptance for additional reasons. We have perused Form No.36, the grounds of appeal, and the revised grounds of appeal. Form No.36 and the accompanying documents are signed by the learned counsel appearing for the Assessee before the Tribunal. The page numbering in Form No.36 and its enclosures appears continuous and uniform, without any variation in handwriting. Moreover, the Tribunal record, as evidenced by the seal affixed thereon, appears to have been completely scanned. In the absence of any prima facie material in support of the allegation, we do not find it necessary to examine the said unsubstantiated contention any further.

19. The issue that now remains for consideration in both the appeals is:

"Whether communication of an order without a DIN, followed by subsequent generation and communication of the DIN along with the order containing the manually entered DIN, constitutes

sufficient compliance with Circular No.19/2019 dated 14.08.2019?”

20. Mentioning of a DIN was introduced in all communications issued by the Income Tax authorities relating to assessment, appeals, orders, whether statutory or otherwise, exemptions, enquiries, investigations, verification of information, penalty, prosecution, rectification, approvals, etc. The requirement of quoting a DIN was brought into effect from 01.10.2019. In exceptional circumstances, issuance of a manual communication without a DIN is permitted with the approval of the Chief Commissioner or Director General of Income Tax. Any communication issued without a DIN and without such prior approval is treated as invalid and deemed never to have been issued.

21. Before examining whether the requirement of mentioning a DIN is mandatory or otherwise, it is necessary to consider the object underlying the introduction of the DIN mechanism. The object and purpose of such requirement can be gathered from the opening paragraph of Circular No.19/2019 dated 14.08.2019, which reads thus:

“With the launch of various e-governance initiatives, Income-tax Department is moving toward total computerization of its work. This has led to a

significant improvement in delivery of service and has also brought greater transparency in the functioning of the tax-administration. Presently, almost all notices and orders are being generated electronically on the Income Tax Business application (ITBA) platform. However, it has been brought to the notice of the Central Board of Direct Taxes (the Board) that there have been some instances in which the notice, order summons, letter and any correspondence (hereinafter referred to as "communication") were found to have been issued manually, without maintaining a proper audit trail of such communication."

22. The purpose of the DIN mechanism is to maintain an audit trail of communications. It is also intended to ensure that proceedings initiated by the Income Tax Department are taken to their logical conclusion and to assist the Income Tax authorities in identifying pending actions initiated by them.

23. Paragraph 2 of Circular No.19/2019 mandates that no communication shall be issued by an Income Tax authority unless a computer-generated DIN has been allotted and duly quoted in the body of such communication. There is not much dispute regarding the mandatory requirement of a DIN in respect of the communications referred to therein. The principal controversy centres around the expression "duly quoted in the body of such communication".

24. The requirement of mentioning a DIN applies to the communications referred to in paragraph 2, namely, assessment proceedings, appeals, orders, whether statutory or otherwise, exemptions, enquiries, investigations, verification of information, penalty proceedings, prosecution, rectification, approvals, etc.

25. The affidavit filed by the Deputy Commissioner of Income Tax explains the procedure relating to generation of DINs. It is stated that the Income Tax Department utilizes the Income Tax Business Application (ITBA) portal for carrying out official functions and that officers are provided with ITBA login credentials. It is further stated that different modules are available in the ITBA system for carrying out various functions assigned to officers depending upon their roles and responsibilities.

26. The affidavit further explains that, for passing assessment orders or issuing notices, two options are available to the Assessing Officer, namely, generation through the ITBA system itself or uploading of a manually prepared order. Where assessment orders are passed through the ITBA portal, a DIN is automatically generated, the document is digitally signed, and

thereafter delivered to the registered e-mail addresses of the Assesseees or their representatives.

27. It is further explained that where orders are prepared manually outside the ITBA system, such drafts are uploaded onto the ITBA portal. Upon such uploading, the order may get communicated to the Assessee without a DIN. This procedure is stated to be necessitated on account of the non-availability of certain functionalities in the ITBA system depending upon the nature of the case. Once the manually prepared order is uploaded, a DIN is generated in the ITBA system, and thereafter the same order is communicated again with the DIN pertaining to the document already uploaded, along with a copy of the order containing the DIN. Such communication is transmitted either through the registered e-mail addresses of the Assesseees or, in some cases, by post.

28. The affidavit also states that the communication carrying the DIN of the document would itself bear a separate DIN for purposes of authentication. It is further stated that the requirement of recording reasons and obtaining approval from the Chief Commissioner or Director General of Income Tax

would arise only in cases where communications are manually issued without a DIN.

29. From the material placed before this Court, the submissions advanced, and the procedure explained in the affidavit, it emerges that orders passed under Section 263 of the Act and orders passed by the DRP under Section 144C of the Act are uploaded for the purpose of generating a DIN. Owing to the built-in mechanism in the ITBA portal, the order uploaded without a DIN gets communicated to the Assessee through the registered e-mail address. Such uploading is necessary for generation of a DIN where the order has been prepared outside the ITBA system. Immediately upon generation of the DIN, a separate communication incorporating the DIN of that document is issued. The order earlier uploaded is also enclosed after manually incorporating the DIN on the document.

30. Another aspect that requires notice is that the communication itself bears a separate DIN. Such DIN authenticates not only the communication but also the DIN assigned to the document referred to therein. The communication in one of the case is on the same date as the

generation of the DIN and are issued on the very day on which the document without a DIN was uploaded onto the ITBA portal, whereas in another case it is on the next date.

31. In the light of the above material, this Court finds no reason to disregard the procedure explained in the affidavit. Moreover, where any ambiguity exists regarding compliance, the purpose underlying the requirement must also be borne in mind. The interpretation adopted should advance the object sought to be achieved and not defeat it.

32. If a purposive and objective interpretation is accorded to Circular No.19/2019, read in conjunction with the procedure explained in the affidavit, the sequence that emerges is as follows:

- (i) The document is uploaded without a DIN for the purpose of generating a DIN;
- (ii) During that process, the document gets communicated to the Assessee;
- (iii) Immediately upon generation of the DIN, a separate communication mentioning the DIN assigned to that document, bearing a DIN for the communication itself, along with the order

containing the manually entered DIN, is also communicated.

33. The overarching purpose discernible from the Circular is the maintenance of an audit trail of departmental communications. In the facts of the present cases, we are satisfied that the procedure adopted achieves that objective and adequately maintains the audit trail contemplated under Circular No.19/2019.

34. The contention that, in the absence of prior written approval from the Chief Commissioner or Director General of Income Tax, the orders communicated without a DIN are rendered invalid, does not merit acceptance. The exceptions contemplated under the Circular relate to manual issuance of the communications referred to in paragraph 2. In the present cases, both orders were communicated electronically through e-mail. The orders were initially communicated upon uploading for generation of a DIN and, thereafter, the very same orders were re-communicated after generation of the DIN through separate communications assigning DINs to the respective documents.

35. In both cases, the uploading of the order for generation of the DIN and the communication containing the DIN took place either on the same date or on the next date. Therefore, there was no manual communication of the orders so as to attract the requirement of recording reasons in writing or obtaining prior approval from the Chief Commissioner or Director General of Income Tax.

36. There can seldom be a completely glitch-free environment where technological systems are involved. There can be no dispute that where a scheme is implemented through technology and technical difficulties or operational issues arise, appropriate measures must be taken to address them. It is in that context that the Directorate of Income Tax (Systems), entrusted with ensuring seamless technological functioning, issued instructions dated 25.10.2019 introducing modifications to facilitate generation of DINs for manually prepared documents through the ITBA system. The said communication specifically refers to the facility for generation of DINs in respect of documents prepared outside the ITBA system and thereafter uploaded manually into the ITBA portal for generation of DINs.

37. Instruction No.5 dated 25.10.2019 issued by the Directorate of Income Tax (Systems), which introduced changes in the facility for generation of DINs for manual documents in the Income Tax Business Application (ITBA), explains the complete mechanism for generation of DINs. As per the said Instruction, where a document is issued outside the ITBA system, the user is required to upload the manually prepared order along with a letter for generation of a DIN. After the DIN is generated and quoted in the physical copy, the document can be uploaded. In such cases, an intimation letter containing the DIN of the document as well as the DIN of the intimation letter itself is required to be shared through the e-Filing portal for authentication purposes, enabling the Assessee to verify the authenticity of the letter, notice, or order issued by the Income Tax authorities.

38. In the light of Instruction No.5, Circular No.19/2019 cannot be read in isolation. As observed hereinabove, when a technology-driven procedure is introduced, errors and glitches are not uncommon. Any deficiency attributable to the technological process cannot be permitted to defeat the very object sought to be achieved. What is required to be examined

is whether there has been substantial compliance in furtherance of the object underlying the Circular No.19/2019.

39. The affidavit placed on record by the AO, explaining the process/procedure involved in generating the DIN, is in conformity with Circular No.19/2019 and Instruction No.5. Accordingly, we find justification, legality, and substance in the contents of the affidavit.

40. When the purpose and object behind the requirement of quoting a DIN, as reflected in Circular No.19/2019, are kept in view, we are of the considered opinion that the orders in question substantially comply with the requirements of the Circular.

41. Another submission advanced on behalf of the Assessee is that the DIN manually entered in both the orders, namely the order of the DRP and the order passed under Section 263 of the Act, is an incorrect number. We do find that such an error exists in both the orders. However, in our considered view, the said mistake neither invalidates the communication nor results in non-compliance with Circular No.19/2019.

42. In both cases, the orders were uploaded in the ITBA system for the purpose of generating DINs. Owing to the automated communication of the uploaded documents to the Assesseees, the orders initially stood communicated without a DIN. However, as is evident from Instruction No.5, upon generation of the DIN, the DIN pertaining to the order is communicated through an intimation letter, accompanied by the order in which the DIN is manually entered.

43. In both cases, the intimation letter contains two DINs-one pertaining to the order communicated and the other pertaining to the intimation letter itself. It appears that, owing to oversight, while manually entering the DIN in the orders, the DIN assigned to the intimation letter came to be mentioned instead of the DIN assigned to the order. Such an error, by itself, would neither amount to violation of Circular No.19/2019 nor invalidate the communication made thereunder.

44. The error is essentially typographical in nature and may warrant greater care on the part of the Income Tax authorities while manually entering DINs. Moreover, the intimation letter itself specifically refers to the provision under which the order

has been passed, the date of the order, and the DIN assigned to that order.

45. For the sake of convenience, the relevant portion is extracted hereunder:

 भारत सरकार/ GOVERNMENT OF INDIA वित्त मंत्रालय/ MINISTRY OF FINANCE आयकर विभाग/ INCOME TAX DEPARTMENT PCIT (Central), Bengaluru			
सेवा में/ To, HULLENAHALLI KEMPEGOWDA SURESHA 553/1, 1ST A CROSS, 3RD STAGE, 4TH BLOCK, BASAVESHWARANAGAR, BANGALORE, Karnataka, India, 560040,			
स्थायी लेखा संख्या/ PAN: AGSPS8913N	निर्धारण वर्ष/ AY: 2011-12	आयकर एवं प्रपत्राक संख्या / DIN & Document No.: ITBA/REV/S/91/2020- 21/1031490186(1)	दिनांक/ Dated: 15/03/2021
<u>Intimation Letter for Order u/s 263</u>			
महोदय/महोदया/ मेसर्स, Sir/ Madam/ M/s,			
This is to inform you that Order u/s 263 dated 15/03/2021 is having Document No (DIN) ITBA/REV/M/REV5/2020-21/1031490095(1).			
This is a system generated document and does not require any signature.			

And



भारत सरकार/ GOVERNMENT OF INDIA
वित्त मंत्रालय/ MINISTRY OF FINANCE
आयकर विभाग/ INCOME TAX DEPARTMENT
CIT(DRP-2) BANGALORE 3

सेवा में/ To,

UNISYS INDIA PRIVATE LIMITED
RGA TECH PARK, SEZ, 4 TO 11 FLOORS, BLOCK-3,
CHIKKAKANNALLI VILLAGE,, WING-B, SURVEY
NO31/1, VARTHUR HOBLI, SARJAPUR ROAD,
BANGALORE, Karnataka, India, 560035,

स्थायी लेखा संख्या/ PAN:
AAACU1502G

द.प.सं. एवं प्रपत्राक संख्या / DIN & Document No.:
ITBA/DRP/S/91/2022-23/1043677134(1)

दिनांक/ Dated:
30/06/2022

Intimation Letter for Order u/s 144C(5)

महोदय/महोदया/ मेसर्स,
Sir/ Madam/ M/s,

This is to inform you that Order u/s 144C(5) dated 29/06/2022 is having Document No. (DIN)
ITBA/DRP/M/144C(5)/2022-23/1043666918(1).

This is a system generated document and does not require any signature.

46. In the light of the foregoing discussion and for the reasons recorded hereinabove, we hold that an incorrect mention of the DIN in the order would not invalidate the order when the accompanying intimation letter contains the correct DIN pertaining to such order.

CONCLUSION

- (i) The requirement of quoting a Document Identification Number (DIN) in communications issued by the Income Tax Department, as

contemplated under Circular No.19/2019 dated 14.08.2019, is mandatory.

- (ii) Where the DIN is subsequently communicated through an intimation and such intimation bears its own DIN while also referring to the DIN of the enclosed order, the order cannot be held to be invalid merely on the ground that the DIN was not originally reflected in the communication. An order would attract invalidity under Circular No.19/2019 only where no DIN is generated or communicated at all.
- (iii) The requirement of obtaining prior approval from the Chief Commissioner or the Director General of Income Tax for issuance of a communication without a DIN arises only in cases where the communication is made manually and not through the electronic mode.
- (iv) The object of Circular No.19/2019 is to maintain an audit trail and authenticity of departmental communications. Where the procedure adopted sufficiently establishes the identity and traceability

of the communication, the object of the Circular stands achieved.

- (v) A mere error in manually mentioning the DIN in the order would not invalidate the order, provided the accompanying intimation letter correctly identifies the order, contains the correct DIN pertaining to such order, and enables verification of its authenticity.

47. In view of the above, the following:

ORDER

- (i) ITA Nos.55/2024 and 216/2023 are ***allowed***.
- (ii) The substantial questions of law are answered in favour of the Revenue and against the Assesseees.
- (iii) The orders passed by the Income Tax Appellate Tribunal, Bengaluru, in IT(TP)A No.851/Bang/2022 dated 31.05.2023 and ITA No.625/Bang/2021 dated 06.12.2022 are hereby set aside.

(iv) The appeals in in IT(TP)A No.851/Bang/2022 dated 31.05.2023 and ITA No.625/Bang/2021 dated 06.12.2022 stand remitted to the Income Tax Appellate Tribunal, Bengaluru, for consideration of the issues/grounds raised in the appeals.

(v) No order as to costs.

Pending I.As' if any, stand disposed of.

We place on record our appreciation for the able assistance rendered by Sriyuths Sri Amaregouda Kellur, Research Assistant, and Sri Harshith A., Law Intern.

Sd/-
(S.G.PANDIT)
JUDGE

Sd/-
(K. V. ARAVIND)
JUDGE