IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.16288 of 2024

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Satya Narayan Jha S/o Gopaljee Jha Resident of Flat-201, Saroj Palace, Gola Road, P.O.-Ram Jaipal Nagar, P.S. Rupaspur-Danapur-Cum Khagaul, Patna-801503 (Bihar), India.

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax Bihar and Jharkhand, Central Revenue Building, Patna.
2. Income Tax Officer, Ward-3(3), Aurangabad.
3. Assessment Unit, Income Tax Department, National Faceless Assessment Centre, New Delhi.
4. Union Bank of India Erstwhile Corporation Bank (Dhanaut Gola Road Branch, Patna), through its Branch Manager.

... ... Respondents

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Appearance :

For the Petitioner	:	Mr. Aman Raja, Advocate
For the Resp Nos. 1 to 3	:	Mrs. Archana Sinha, Sr. Advocate
	:	Mrs. Shilpi Keshri, Advocate
	:	Mr. Alok Kr. Shahi, Advocate
	:	Ms. Richa Rajiv Singh, Advocate
	:	Ms. Komal, Advocate
	:	Ms. Swarna Roy, Advocate
For the Resp No. 4	:	Mr. Prashant Kumar, Advocate
		Mr. Nishant Kumar, Advocate
		Ms. Kritika Upadhya, Advocate

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CORAM: HONOURABLE MR. JUSTICE RAJEEV RANJAN PRASAD
and
HONOURABLE MR. JUSTICE RAMESH CHAND MALVIYA
CAV JUDGMENT
(Per: HONOURABLE MR. JUSTICE RAJEEV RANJAN PRASAD)

Date : 10-08-2026

Heard learned counsel for the petitioner and learned Senior Standing Counsel for the respondents.

2. This writ application has been preferred seeking the following reliefs:

> "a. For issuance of appropriate writ/ direction(s) to prevent the respondents from exceeding its

jurisdiction and/or acting contrary to the rule of natural justice, where the defect of jurisdiction is apparent on the face of the proceedings and/or there is an abuse of power.

b. For issuance of writ of Certiorari or any other appropriate writ(s), order(s) or direction(s) quashing the show-cause notice issued by the Respondent No. 2 under the section 148A (b) of Income-tax Act, 1961 (here-in-after called "the Act") dated 23/03/2022 (Annexure – P1) as the notice issued by the Respondent No. 2 is wholly illegal as the same has been issued on a wrong information which does not belong to the assessee and goes to the illegal assumption of jurisdiction of the Respondent No. 2.

c. For issuing the appropriate order, direction or writ in the nature of Certiorari for quashing the Order under the section 148A(d) of the Act dated 04/04/2022 (Annexure – P2) as the order has been passed in complete contravention of the provisions of section 148A of the Act.

d. For issuance of writ of Certiorari or any other appropriate writ(s), order(s) or direction(s) quashing the notice issued by the Respondent No. 2 under the section 148 of the Act dated 04/04/2022 (Annexure – P3) as the notice issued by the Respondent No. 2 is wholly illegal and without jurisdiction in as much as the same has been issued beyond the period of limitation prescribed under section 149 of the Act and is based on a wrong information which does not belong to the Petitioner.

e. For issuing the appropriate order, direction or writ in the nature of Certiorari for quashing the Order of Assessment under the section 147 read with section 144 read with section 144B of the Act and consequential notice of demand under the section 156 of the Act dated 12/02/2024 (Annexure – P4) as the proceedings initiated under the section 147 of the Act is illegal for the want of issuance of a proper notice under the section 148 of the Act.

f. For issuing the appropriate order, direction or writ in the nature of Certiorari for quashing order under the section 271(1)(b) of the Act dated 21/08/2024 passed in consequence of the Order of Assessment passed under the section 147 read with section 144 of the Act in as much as any proceeding consequent to arbitrary and illegal proceedings under the section 147 of the Act is *ultravires* the provision of the Act and thus arbitrary and illegal.

g. For issuing the appropriate order, direction or writ in the nature of Certiorari for quashing order under the section 271F of the Act dated 22/08/2024.

h. For issuing the appropriate order, direction or writ in the nature of Certiorari for quashing order under the section 271(1)(c) of the Act dated 29/08/2024.

i. For issuance of other writ/ direction(s) while the petitioner may in the fact and circumstances of the case to be found entitled to.

j. For grant such other relief(s) as deem fit and proper by issuing an appropriate writ(s), rule(s) or direction(s) as deem fit and proper."

Case of the Petitioner

3. Petitioner is a senior citizen who is deriving his income in the nature of salary and other source of income is in the form of bank interests. He was selected for scrutiny on the basis of information provided by the Union Bank of India (respondent no. 4) under code CIB-403 and accordingly, a show-cause notice of inquiry under Section 148A(b) of the Income Tax Act, 1961 (hereinafter referred to as "the Act") dated 23.03.2022 was issued by the respondent no. 2 on the grounds of being a non-filer of return for the relevant assessment year 2015-16 and having an investment of Rs. 12,50,00,000/- (Twelve Crore Fifty Lakhs) in the nature of term deposits. Copy of the show-cause notice under Section 148A(b) of the Act has been brought on record as Annexure 'P/1'.

Submissions on behalf of the petitioner

4. Mr. Aman Raja, learned counsel for the petitioner, submits that the petitioner, being a senior citizen, was having an income of less than Rs. 5,00,000/- in the relevant assessment year. He was unaware of the notices being issued owing to the lack of knowledge of accessing emails and thus the notice under Section 148A remained non-complied with. Pursuant to the non-compliance, the order under Section 148A(d) of the Act was passed by respondent no. 2 vide Annexure 'P/2' to the writ petition. It was based on an apparently wrong information supplied by respondent no. 4 holding that an income to the tune of Rs.

12,54,81,130/- has escaped assessment for the year under consideration.

5. It is stated that respondent no.2 initiated the reassessment proceeding and issued the notice under Section 148 of the Act. The submission is that the notice, as contained in Annexure ‘P/2’, is in contravention of Section 151A of the Act read with CBDT Notification No. 18/2022/F.No. 370142/16/2022-TPL dated 29.03.2022 directing the petitioner to furnish a return within 30 days of the receipt of the notice, which also remained non-complied.

6. Learned counsel submits that the proceedings under Section 144B of the Act were carried and the reassessment proceedings were conducted *ex-parte vide* order under Section 147 read with Section 144 and Section 144B of the Act. The *ex-parte* order dated 12.02.2024 along with the notice of demand under Section 156 have been placed before this Court as Annexure ‘P/4’ to the writ petition.

7. It is submitted that despite concluding that the escaped amount in total was only Rs. 17,84,197/- (Seventeen Lakhs Eighty Four Thousand One Hundred Ninety Seven), the respondent no. 3 did not conclude the proceedings in consonance with the limitation provided under Section 149 of the Act, rather passed the order of penalty under Section 271(1)(b) dated 21.08.2024 on the grounds of non-compliance with the notices in the assessment proceedings. The copy of the order dated 21.08.2024 and copy of the order under Section 271F dated 22.08.2024 and 271(1)(c) dated 29.08.2024 have been placed on record as Annexure 'P/5', 'P/6' and 'P/7' respectively.

8. It is submitted that only after the service of the orders of penalty, the petitioner was apprised of the assessments having been carried out in his name on the basis of a false information provided by respondent no.4. The petitioner never had an investment in term deposit of Rs. 12,50,00,000/- in the relevant year, rather an investment of only Rs. 12,50,000/- that too as a renewal of the earlier investment was available. In this regard, copy of the letter from the bank (respondent no. 4) dated 26.09.2024 has been placed on record.

9. It is also submitted that in addition to the fact that a wrong information was furnished regarding investment of Rs. 12,50,00,000/- the notice under Section 148A further talked about the assessee having received interest from the bank amounting to Rs. 73,652/-. The total interest accrued on the account of such term deposit amounts being only Rs. 73,652/-, the respondent no.2 could have easily verified it from respondent no.4 because a huge amount of Rs. 12,50,00,000/- will earn a much more amount of interest and it cannot be limited to a meager amount of Rs. 73,652/-. It is, thus, submitted that the action on the part of respondent no. 2 is a result of complete non-application of mind.

10. It is submitted that the total income chargeable to tax escaping the assessment has been established to only Rs. 12,50,000/- and not Rs. 12,50,00,000/-, therefore, the issuance of notice on 04.04.2022 is way beyond the period of three years provided under the statute, thereby making the notice *tortious* and *void ab initio*.

11. It is submitted that the time period of issuance of notice beyond three years and within ten years for reopening of assessment, as provided under Section 149(1)(b) of the Act, shall apply only when the escapement is of more than Rs. 50,00,000/- which in the present case is conspicuously absent as the total escapement is only of Rs. 17,84,197/- and, thus, the issuance of notice under Section 148 beyond the period of limitation prescribed is in sheer violation of the statutory provision, thus arbitrary and liable to be quashed.

12. Learned counsel has further submitted that according to Section 151A, which was inserted by Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 with effect from 01.11.2020 covering the cases of assessment/ reassessment/recomputation under Sections 147/148 of the Act in order to eliminate interface between the Income Tax Authorities and the assessee so as to impart greater efficiency, transparency and accountability. Section 151A has undergone minor change by Finance Act, 2021 with effect from 01.04.2021 and according to the amended provision, the faceless procedure as provided under Section 151A of the Act and the notification of the CBDT No. 18/2022 were required to be followed. The respondent no.2, however, violated this mandatory provision and issued notice under Section 148 dated 04.04.2022 manually. It is thus submitted that the said notice is entirely non-jurisdictional in the light of the CBDT Notification No. 18/2022. With effect from 29.03.2022, every notice under Section 148 of the Act needs to be issued in a faceless manner by the National Faceless Assessment Centre.

13. Reliance has been placed upon the judgment of the Hon’ble Telangana High Court in the case of **Kankanala Ravindra Reddy vs. The Income Tax Officer and Others** in **Case No. W.P. 25903/2022** wherein the Hon’ble High Court has considered the question as to whether it is mandatory for the authorities concerned to initiate proceedings pertaining to reassessment under Section 148A and 148 of the Act in a faceless manner (rather than being proceeded by the local jurisdictional officer) as is envisaged under Section 144B as also under Section 151A of the Act. The Hon'ble High Court was pleased to quash the entire assessment proceedings saying that the initiation of the proceeding itself was procedurally wrong, therefore, the subsequent orders gets nullified automatically.

14. Learned counsel has further submitted that the legislatures have inserted Section 148A by Finance Act 2021 with effect from 01.04.2021 for transparent and efficient management of assessment, reassessment, recomputation provisions in the Act and in order to impose accountability on the higher officials in the department it has been provided for approval of prescribed authority at every stage right from the stage of conducting inquiry, issuance of show-cause notice and decision to initiate proceeding under Section 147 by issuing notice under Section 148. Reliance has been placed on the relevant portion of Section 148A and 148A(d). Submission is that the impugned order dated 04.04.2022 passed under Section 148A(d) is invalid and unsustainable as no prior approval of the specified authority was obtained before passing the order.

15. In course of hearing, learned counsel has relied upon a judgment of this Court in the case of **Ankit Agarwal vs. The**

Principal Chief Commissioner of Income Tax reported in **(2026) 487 ITR 541 : 2025 SCC OnLine Pat 4394** wherein this Court has considered identical submissions with regard to validity of a notice under Section 148A of the Act. It is submitted that in the case of **Ankit Agarwal** (supra), this Court has gone through the judgment of the Hon'ble Supreme Court in case of **Union of India vs. Rajeev Bansal** reported in **[2024] 469 ITR 46 (SC)**. In the said case it has been held *inter alia* that the benefit of the new provision shall be made available even in respect of the proceedings relating to past assessment years, provided Section 148 notice has been issued on or after 01.04.2021. Attention of this Court has been drawn towards paragraph '41' of the judgment wherein this Court held that no effective show-cause notice under Section 148A(b) of the Act of 1961 was served upon the petitioner. The fact that the petitioner did not respond to the show-cause notice dated 23.03.2022 would not make the show-cause notice good and compliant with the requirement of law. This Court further held that after coming into force of the Finance Act 2021, the respondents could have issued a notice under Section 148 of the Act of 1961 if the condition prescribed under Section 149(1)(b) would have been satisfied.

Stand of the Respondents

16. A counter affidavit has been filed on behalf of the respondents sworn by the Income Tax Officer, W-3(3), Aurangabad. It is submitted that the averments in the writ petition saying that the escaped amount in total was only Rs. 17,84,197/- proves that the income of the assessee was taxable, but he had failed to file return of income in due time as required under section 149 of the Act and he also failed to avail the opportunity to file return of income in response to the notice issued under Section 148 of the Act.

17. Learned Senior Standing counsel for the Department of Income Tax submits that the approval of the specified authority under Section 151 of the Act was obtained and the assessment proceeding under Section 147 was reopened on the basis of material available on the Insight Portal. It is submitted that during the course of assessment proceeding, concealed income of Rs. 17,84,197/- was detected and accordingly penalty of Rs. 4,13,895/- under Rule 271(1)(c) of the Act was imposed on 29.08.2024. The assessee had failed to file return of income as required under Section 139 of the Act, therefore, penalty of Rs. 5,000/- under Section 271F of the Act was imposed on 21.08.2024.

18. It is submitted that the reopening of case under Section 147 is the responsibility of the jurisdictional Assessing Officer. Notice under Section 148 was issued online through ITBA using digital signature and not manually. Paragraph 3(b) of the referred CBDT notification dated 29.03.2022 has been reproduced for clarification of the fact that where the notice under Section 148 of the Act was issued online or manually, issuance of notice under Section 148 of the Act shall be through automated allocation, in accordance with risk management strategy formulated by the Board as referred to in Section 118 of the Act for issuance of notice and in faceless manner to the extent provided in Section 148 of the Act with reference to making assessment or reassessment of total income or loss of assessee. It is, thus, the stand of the department that the notice had been issued in online manner and digitally signed.

<u>Consideration</u>

19. In course of hearing, the learned Senior Standing counsel for the department does not dispute the statements made in the writ application that the issuance of notice dated 23.03.2022 pertaining to the assessment year 2015-16 under clause (b) of Section 148A of the Act of 1961 (Annexure ‘P/1’) was issued on a wrong information furnished by the Bank (respondent no.4). The basis for issuance of the notice (Annexure 'P/1') may be found in the information under the head "Annexure" which we reproduce hereunder:-

"**ANNEXURE**

1. The department has in possession of an information that the assessee has time deposit with a banking company amounting to Rs. 12,50,00,000/- during the F.Y. 2014-15. The information provided under information code CIB-403 i.e. Time deposit exceeding Rs. 2,00,000/- with a banking company. The Details in this case provided by the Corporation Bank(TAN-PTNC02442G). The transaction date is 08.01.2015.

2. The assessee has also received Salary amounting to Rs. 4,07,248/-. The information provided under information code TDS-192 i.e. Statement -Salary to employees(section-192). The details in this case provided by the State Bank of India(TAN-PTNS01213c).

3. The assessee has also received interest from bank amounting to Rs. 73,652/-. The information provided under information code TDS-194A i.e. interest other than interest on securities(section 194A). The details provided by Corporation Bank(TAN-PTNC02522C).

4. As the assessee is a non filer and not filed the ITR for the A.Y.-2015-16, the total amount of Rs. 12,54,80,900 /-has not come under the purview of tax net.

5. Hence, the entire amount i.e. Rs. 12,54,80,900/- is escaped income within the meaning of section 147/148 of the Income Tax Act, 1961.

PHANI BHUSHAN
ITO WARD 3(3) AURANGABAD"

20. The petitioner has brought on record a certificate dated 26.09.2024 issued by the Union Bank of India (respondent no.4). This document has not been denied by the Department of Income Tax. Learned counsel for the respondent no.4 has stood by the certificate issued by the Bank. We reproduce the certificate dated 26.09.2024 (Annexure 'P/8') as under:-

"**Union Bank of India**
A Government of India Undertaking
Andhra | Corporation
DHANAUT-E-CB

Date:- 26.09.2024

<u>To WHOMSOEVER IT MAY BE CONCERN</u>

This is to certify that **Mr. Satya Narayna Jha** (PAN No.-ACRPJ4736B) was having FDR Deposit amount of **Rs. 1250000/-** (Rupees Twelve Lacs Fifty Thousand Rupees) of **AY 2015-16** as well as **FY 2014-15** , Now Customer has got a notice from Income Tax Department vide DIN no.-ITBA/AST/F/1478A/2022-23/1042482658(1) dtd.-04.04.2022 regarding Rs. 12,50,00000 /- (Rupees Twelve Crore Fifty Lacs Rupees Only) transaction in this said account from our Union bank Of India E-Cb Erstwhile Corporation bank in AY -2015-16 ,but in our consent of customer is not doing such type of transaction in our branch ,So we have

> confirmed that this is a technical error or system fault .
> We hereunder mentioned the complete details of the A/c on the specific request of the party for further communication with the whole responsibility of the account holder.
> Branch Manager"

21. A bare reading of the statements made in the writ application, which are duly supported by the certificate (Annexure 'P/8'), would show that the very issuance of the notice under clause (b) of Section 148A of the Act of 1961 (Annexure 'P/1') is based on a wrong information. The Bank has confirmed that it was a technical error or system fault.

22. Learned Senior Standing counsel for the department does not dispute the factual position as appearing from the records. If it is so, in our considered opinion, the notice dated 23.03.2022 pertaining to the assessment year 2015-16 (Annexure 'P/1') would be hit by the reduced time limit for reopening of assessment. This Court had occasion to consider as to what would be an effective show-cause in terms of Section 148A(b). Judgments of the Hon'ble Supreme Court in case of **Rajeev Bansal** *(supra)* and **Union of India and Others vs. Ashish Agarwal** reported in **(2023) 1 SCC 617** have been relied upon. Paragraphs '39', '40' and '41' of the judgment in case of **Ankit Agarwal** (supra) rendered by this Court is being reproduced hereunder for a ready reference:-

> "**39.** It has been further noticed in the case of *Union of India* v. *Rajeev Bansal*[2] that in the case of *Union of India* v. *Ashish Agarwal*[14], the hon'ble court had directed the Assessing Officer to provide relevant information and materials relied upon by the Revenue to the assessee within 30 days of the date of the judgment. It has been held that a show-cause notice is effectively issued in terms of section 148A(b) only if it is supplied along with the relevant information and materials by the Assessing Officer. Due to the legal fiction, the Assessing Officers were deemed to have been inhibited from acting in pursuance of the section 148A(b) notice till the relevant materials were supplied to the assessee.
>
> **40.** The above view in the case of *Union of India* v. *Rajeev Bansal*[2] and *Union of India* v. *Ashish Agarwal*[14] finds support from paragraph 53 of the judgment in *Ganesh Dass Khanna* v. *ITO*[4] which contains the speech of the Finance Minister with regard to reduction in time for income-tax proceedings. Paragraphs 53, 53.1, 53.2 and 53.3 of the judgment in the case of *Ganesh Dass Khanna* v. *ITO*[4]are as under (page 586 of 460 ITR):
>
> "53. Apart from what we have stated above on the language and scheme of the relevant provisions introduced with the enactment of the Finance Act, 2021, one has to bear in mind, in our opinion, the raison d'etre for forging the new regime. A clue about the same is provided in the Finance Minister's

2. (2024) 469 ITR 46 (SC); 2024 SCC OnLine SC 2693
14. (2022) 444 ITR 1 (SC); (2023) 1 SCC 617; 2022 SCC OnLine SC 543
4. (2024) 460 ITR 546 (Delhi); (2023) 6 HCC (Del) 516; 2023 SCC OnLine Del 7286.

Budget Speech delivered on February 1, 2021 ((2021) 430 ITR (St) 33) and the relevant parts of the Memorandum Explaining the Provisions of the Finance Bill, 2021 ((2021) 430 ITR (St) 214) (hereafter referred to as 'memorandum') which morphed into Finance Act, 2021. For convenience, the relevant parts are extracted below:

'Speech of the Finance Minister (page 175 of 430 ITR (St.)):

"*Reduction in time for income-tax proceedings*

153. Honourable Speaker, presently, an assessment can be reopened up to six years and in serious tax fraud cases for up to ten years. As a result, taxpayers have to remain under uncertainty for a long time.

154. I therefore propose to reduce this time limit for reopening of assessment to three years from the present six years. In serious tax evasion cases too, only where there is evidence of concealment of income of Rs. 50 lakhs or more in a year, can the assessment be reopened up to ten years. Even this reopening can be done only after the approval of the Principal Chief Commissioner, the highest level of the Income-tax Department."

Memorandum (page 249 of 430 ITR (St.)):

"*Income escaping assessment and search assessments*

Under the Act, the provisions related to income escaping assessment provide that if the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may assess or reassess or recompute the total income for such year under section 147 of the Act by issuing a notice under section 148 of the Act. However, such reopening is subject to the time limits prescribed in section 149 of the Act….

The Bill proposes a completely new procedure for assessment of such cases. It is expected that the new system would result in less litigation and would provide ease of doing business to taxpayers as there is a reduction in the time limit by which a notice for assessment or reassessment or recomputation can be issued. The salient features of the new procedure are as under :…

(iii) Section 147 proposes to allow the Assessing Officer to assess or reassess or recompute any income escaping assessment for any assessment year (called relevant assessment year)….

(vii) New section 148A of the Act proposes that before issuance of notice the Assessing Officer shall conduct enquiries, if required, and provide an opportunity of being heard to the assessee. After considering his reply, the Assessing Officer shall decide, by passing an order, whether it is a fit case for issue of notice under section 148 and serve a copy of such order along with such notice on the assessee. The Assessing Officer shall before conducting any such enquiries or providing opportunity to the assessee or passing such order obtain the approval of specified authority. However, this procedure of enquiry, providing opportunity and passing order, before issuing notice under section 148 of the Act, shall not be applicable in search or requisition cases.

(viii) The time limitation for issuance of notice under section 148 of the Act is proposed to be provided in section 149 of the Act and is as below:

• In normal cases, no notice shall be issued if three years have elapsed from the end of the relevant assessment year. Notice beyond the period of three years from the end of the relevant assessment year can be taken only in a few specific cases.

• In specific cases where the Assessing Officer has in his possession evidence which reveal that the income escaping assessment, represented in the form of asset, amounts to or is likely to amount to fifty lakh rupees or more, notice can be issued beyond the period of three years but not beyond the period of ten years from the end of the relevant assessment year.

• Another restriction has been provided that the notice under section 148 of the Act cannot be issued at any time in a case for the relevant assessment year beginning on or before April 1, 2021, if such notice could not have been issued at that time on account of being beyond the time limit prescribed under the provisions of clause (b), as they stood immediately before the proposed amendment.

• Since the assessment or reassessment or recomputation in search or requisition cases (where such search or requisition is initiated or made on or before March 31, 2021) are to be carried out as per the provisions of sections 153A, 153B, 153C and 153D of the Act, the aforesaid time limitation shall not apply to such cases.

• It is also proposed that for the purposes of computing the period of limitation for issue of section 148 notice, the time or extended time allowed to the assessee in providing opportunity of being heard or period during which such proceedings before issuance of notice under section 148 are stayed by an order or injunction of any court, shall be excluded. If after excluding such period, time available to the Assessing Officer for passing order, about fitness of a case for issue of section 148 notice, is less than seven days, the remaining time shall be extended to seven days."'

53.1. As would be evident from the extracts set forth above, both from the Finance Minister's Speech and the Memorandum, the time limit for reopening under the new regime was reduced from six (6) years to three (3) years and only in respect of 'serious tax evasion cases', that too, where evidence of concealment of income of Rs. 50 lakhs or more in a given period was found, the period for reopening the assessment was extended to ten (10) years. In order to ensure that utmost care was taken before invoking the extended period of limitation, the proposal was that approval should be obtained from the Principal Chief Commissioner of Income-tax, at the highest hierarchical level of the Department. Likewise, the Memorandum emphasised that the new regime was forged with the hope that it would result in less litigation and would provide ease of doing business to taxpayers, as there was a reduction in the time limit by which notice for assessment, reassessment and recomputation could be issued.

53.2. Thus, as per the Memorandum, in 'normal cases', no notice was intended to be issued if three (3) years had elapsed from the end of the relevant assessment year. Notice, beyond the prescribed three (3) years from the end of the relevant assessment year, could be issued only in a few specific cases; one such example which is given in the Bill is where the Assessing Officer was in possession of evidence that escaped income amounted to Rs. 50 lakhs or more.

> 53.3 In sum, the sense that one gets upon a holistic reading of the backdrop in which the new regime for reopening assessments was enacted is that where escapement of income was below Rs. 50 lakhs, the normal period of limitation, i. e., three (3) years was to apply. In comparison, the extended period of ten (10) years would apply in serious tax evasion cases where there was evidence of concealment of income of Rs. 50 lakhs or more in the given period."
>
> **41.** On the facts appearing from the records, there is no iota of doubt to this court that no effective show-cause notice under section 148A(b) of the Act of 1961 was served upon the petitioner. The fact that the petitioner did not respond to the show-cause notice dated March 23, 2022 would not make the show-cause notice good and compliant with the requirement of law. After coming into force of the Finance Act, 2021 ((2021) 432 ITR (St) 52) the respondents could have issued a notice under section 148 of the Act of 1961, if the condition prescribed under section 149(1)(b) would have been satisfied."

23. The learned Senior Standing counsel has, towards the end of her submissions fairly stated that in the facts of the present case, having regard to the legal position emerging from the judgments of the Hon'ble Supreme Court and this Court, no notice could have been issued under clause (b) of Section 148A of the Income Tax Act, 1961 on 23.03.2022 pertaining to the assessment year 2015-16.

24. In view of the discussions made hereinabove, we set aside the impugned orders in terms of the prayers made in the writ application.

25. It is evident that the petitioner had to suffer by way of not only mental agony, but also monetary implications in fighting the case due to a wrong information furnished by respondent no.4, which was made basis for initiation of the action by respondent no.2, we are of the considered opinion that the petitioner deserves cost of litigation which we assess at Rs.25,000/-. The respondent no.4 shall be liable to pay Rs. 25,000/- by way of cost of litigation to the petitioner within six weeks from today, failing which the same will be realised in accordance with law.

26. This writ application is allowed to the extent indicated hereinabove.

(Rajeev Ranjan Prasad, J)

(Ramesh Chand Malviya, J)

Rishi/-

AFR/NAFR	
CAV DATE	07.08.2026
Uploading Date	10.08.2026
Transmission Date	