24.09.2026
Item No.15
Ct. No. 10
BR

WPA 17247 of 2026
GFK Mode Private Ltd.
-vs-
Union of India and Ors. .

Mr. Pratyush Jhunjhunwala,
Ms. Sakshi Singhi

.... For the petitioner

Ms. Manju Agarwala,
Mr. S. Roychowdhury,
Mr. R. Chakraborty
... for the State respondent

Mr. Tarak Nath Jaiswal
...for the respondent

Mr. Amit Sharma,
Mr. Abhishek Kumar Agrahari
... for the respondent

1. Affidavit of service filed on behalf of the petitioner is taken on record.

2. The petitioner has inter alia challenged the legality, validity and sustainability of the Final Order of Assessment dated 23rd May 2026 passed under Section 143(3) read with Section 144C(3) and Section 144B of the Income Tax Act, 1961 (hereinafter referred to as the said Act) for the Assessment Year 2023-24 and consequential Penalty Notice dated 5th May 2026 issued under Section 154(2) of the said Act.

3. The core issue involved in the same is whether the objection filed by the petitioner before the Dispute Resolution Panel in Form No. 35A on 16th March 2026 is barred by limitation when the 30 days period prescribed under Section 144C(2) of the said Act from the Draft

Assessment Order dated 13th February 2026 expired on 15th March 2026 which was a Sunday and whether the benefit of Section 10 of the General Clauses Act, 1897 is available to the assessee.

4. The Learned Counsel appearing for the petitioner submits as follows:-

a. A Draft Assessment Order was passed on 13th February 2026. In terms of Section 144C(2) of the said Act, the petitioner was entitled to file objection before the Dispute Resolution Panel within 30 days i.e. till 15th March, 2026. The said date fell on a Sunday being a public holiday.

b. The respondent No. 3 vide Notice dated 14th March 2026 itself granted time till 16th March 2026 for filing objections in Form 35A. The petitioner duly filed the objection on 16th March 2026 and intimated the same to the concerned respondent.

c. Despite such compliance, the respondent No. 3 passed the Final Assessment Order on 23rd May 2026 under Section 143(3) of the said Act, rejecting the objection on the ground of limitation and confirming the additions made in the draft order. Thereafter, penalty proceedings were initiated by issuing notice dated 5th May 2026.

d. In view of Section 10 of the General Clauses Act, 1897 "where the last day of the prescribed period is a day on which the office was closed, the Act shall be considered as done in due time if done on the next day on which the office is open.” Hence filing on 16th March 2026 is well within limitation.

e. Denial of such statutory benefit by respondent No. 3 is violative of principles of natural justice and is de hors the provisions of law. The consequential order under Section 154(2) is arbitrary, impermissible and liable to be set aside.

f. The respondent No. 2 had fixed a date on 19th June 2026 for consideration of the objection but the same could not be considered since the Final Assessment Order had already been passed.

g. The Learned Counsel further submits that the Assessment Order cannot be challenged by way of an appeal.

h. It is further submitted by the petitioner that if final Assessment Order is not quashed, Dispute Resolution Panel becomes functus officio and cannot adjudicate.

5. The Learned Counsel appearing for the Income Tax Department takes a fair stand and does not seriously oppose the prayer for quashing of the Assessment Order and to remand the matter back to the Dispute Resolution Panel for effective adjudication.

6. Having heard the Learned Counsels for the respective parties and upon perusing the materials available on record this Court finds that the petitioner has been able to make out a prima facie case warranting interference at this stage.

7. This Court has taken into consideration all the documents annexed to the Writ Petition including the provisions of Section 10 of the General Clauses Act, 1896 wherein it has been contemplated for computation of time that:

"if the Court or office is closed on that day or the last day of the prescribed period, the act or proceedings shall be considered as done or taken in due time if it is done or taken on the next day afterwards on which the Court or officer is open"

8. It is well settled proposition of law as held in the case of Vijay Bhai N Chandrani Vs. SIT reported at 440 ITR 178 wherein it has been observed that direction given by the Dispute Resolution Panel is binding on the Assessing Officer under Section 144C(10). In light of the said Judgment unless the Final Order of assessment is quashed the direction of the Dispute Resolution Panel cannot be implemented, since the Dispute Resolution Panel becomes functus officio and cannot adjudicate. Under Section 144C of the said Act the procedure is mandatory. Once the draft Assessment Order is passed the Assessing Officer has no jurisdiction to pass Final Order under Section 143(3) read with 143C(3) without either - (a) expiry of 30 days or filing of objection or, (b) directions of DRP under Section 144C(5) of the said Act.

9. In the present case, the last date for filing of objection under Section 144C (2) was 15th March 2026 and the said date was admittedly fell on Sunday. As a result, 16th March 2026 ought to have been considered as a working day and to be the next date on which the office was open.

10. Consequently, this Court holds that the objection filed by the petitioner on 16th March 2026 was well within the prescribed period of 30 days as contemplated under the statute. The rejection of the same as time barred by respondent No. 3 is erroneous and unsustainable in law. It is no longer res integra, that the procedure laid down under Section 144C is mandatory and the decision of the Dispute Resolution Panel under Section 144C(5) read with Section 144C(10) is binding upon the Assessing Officer. The Assessing Officer has no jurisdiction to pass a final order without considering the directions upon the Dispute Resolution Panel.

11. Therefore, the Order of Assessment dated 23rd March 2026 issued by the Assessing Officer is hereby quashed and set aside.

12. The Dispute Resolution Panel is directed to take necessary steps in accordance with law within the statutory period as prescribed under the Statute by adjudicating the objection filed by the petitioner on 16th March 2026 on merits after granting an opportunity of personal hearing to the petitioner.

13. The consequential penalty proceedings initiated vide Notice dated 5th May 2026 shall not be proceeded with till the disposal of the Dispute Resolution Panel proceedings.

14. With the above observations and directions, the Writ Petition stands disposed of.

(Smita Das De, J.)