IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP No. 20154 of 2026 (O&M)

Vandana Jain

… Petitioner

Versus

Union of India and others

… Respondents

1.	The date when the judgment is reserved	28.10.2026
2.	The date when the judgment is pronounced	20.11.2026
3.	The date when the judgment is uploaded on the website	20.11.2026
4.	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Operative
5.	The delay, if any, of the pronouncement of full judgment, and reasons thereof	Not applicable

CORAM : HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MR. JUSTICE SUNISH BINDLISH

Argued by: Ms. Aakriti, Advocate, for the petitioner.

Mr. Ranvijay Singh, Senior Standing Counsel,
for the respondents-Income Tax Department.

SUNISH BINDLISH, J.

1. The petitioner, an individual assessee, has invoked the writ jurisdiction of this Court under Articles 226/227 of the Constitution of India for issuance of a writ of certiorari quashing, for Assessment Year 2013-14, the letter dated 08.05.2026 (Annexure P-14), described in the petition as a notice under Section 148A(b) of the Income Tax Act, 1961 ("the Act"), the order dated 25.06.2026 passed under Section 148A(d) (Annexure P-15), and the consequential notice dated 25.06.2026 issued under Section 148 (Annexure P-16).

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

2. The facts, which are borne out from the Department's own record, are briefly these:

(i) The petitioner filed her return for Assessment Year 2013-14 on 26.03.2014, declaring a total income of Rs.25,73,320/-. The return was never taken up for scrutiny, and no assessment under Section 143(3) was framed.

(ii) A notice dated 30.03.2021 under Section 148, as it stood prior to its substitution by the Finance Act, 2021, was issued by the Income Tax Officer, Ward 7(1), Ludhiana (Annexure P-1). The petitioner states that she came to know of it only in April 2021. In response to a notice dated 30.06.2021 under Section 142(1) (Annexure P-2), she filed a return on 12.07.2021 and, by her communications dated 10.09.2021 and 03.02.2022 (Annexures P-3 and P-5), sought the reasons for reopening. By communications dated 03.02.2022 and 17.02.2022 (Annexures P-4 and P-6), the Department required her first to verify that return.

(iii) The reasons were supplied on 23.03.2022 (Annexure P-8). They rest on a single item of information from the Investigation Wing: bogus long-term capital gain of Rs.26,40,000/- through trading in penny stock. Paragraph 6 of the reasons concludes that “an amount of Rs.26,40,000/- received on account of bogus LTCG/STCL as well as other income which comes to the notice during the course of assessment proceedings” had escaped assessment. No other item or amount finds mention in the reasons.

(iv) Meanwhile, the petitioner had challenged the notice in CWP No.2880 of 2022, contending that a notice issued after 01.04.2021

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

could be issued only after following the procedure under Section 148A. By order dated 15.02.2022 (Annexure P-7), the petition was directed to come up along with CWP No. 14886 of 2021 (DLF Gayatri Developers v. Assistant Commissioner of Income Tax), and interim orders were passed in the same terms as in that case. The proceedings remained in abeyance thereafter. On 04.05.2022, the Supreme Court decided Union of India v. Ashish Agarwal, (2023) 1 SCC 617 (Annexure P-9). CWP No.14886 of 2021 was disposed of on 18.04.2026 (Annexure P-12).

(v) CWP No. 2880 of 2022 was disposed of on 30.04.2026 (Annexure P-13), on the concession of the Revenue that, in terms of Ashish Agarwal, the notice dated 30.03.2021, dispatched to the petitioner on or after 01.04.2021, be treated as a notice under Section 148A(b). The Revenue was directed "to proceed from the stage of the afore notice, in terms of the procedure laid down under Section 148A(b) of the Act", and the petitioner was left at liberty to raise all pleas available to her in accordance with law. The concession as to dispatch was made notwithstanding the statement in the Department's communication dated 17.02.2022 (Annexure P-6) that the notice was "issued and served on 30.03.2021". The respondents have not resiled from it and treat the question as concluded (reply, para 3), and the matter proceeds on that footing.

(vi) By letter dated 08.05.2026 (Annexure P-14), the Income Tax Officer, Ward 7(1), Ludhiana, referring to the notice dated 30.03.2021 and the order dated 30.04.2026, enclosed "the requisite information and material relied upon for initiating the proceedings u/s 147/148" and

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

called for the petitioner's reply by 22.05.2026. The two Insight Portal extracts enclosed with it were both shown as uploaded on 07.03.2021: Rs.26,40,000/- from Dayanand Singh (Upload ID 1000000161), described as "Fictitious Profits in Equity/Derivative Trading", with the remark "Information already sent to AO"; and Rs.58,10,325/- from Mahanivesh (India) Ltd. (Upload ID 1000000184), described as information of beneficiaries of bogus LTCG/STCL for Financial Year 2012-13, relating to sale of shares. Only the first item corresponds to the reasons dated 23.03.2022, and only that item is marked "Information already sent to AO".

(vii) The petitioner did not reply. By order dated 25.06.2026 under Section 148A(d) (Annexure P-15), the Assessing Officer, noticing the absence of a reply, aggregated the two items, held that Rs.84,50,325/- had escaped assessment, treated it as an "asset" within the Explanation to Section 149(1), and invoked the ten-year period under Section 149(1)(b). The notice under Section 148 of even date (Annexure P-16) followed, with the prior approval of the Principal Chief Commissioner of Income Tax, NWR, Chandigarh, accorded on 23.06.2026. The present petition was filed on 03.07.2026.

3. Learned counsel for the petitioner contends that the notice dated 30.03.2021 was confined to alleged escaped income of Rs.26,40,000/-; that the item of Rs.58,10,325/- did not form part of it and was put to the petitioner for the first time on 08.05.2026; that the letter of that date is, to that extent, in substance a second show cause notice, barred by limitation since 31.03.2024 under the substituted Section 149; and that neither Ashish Agarwal nor the order dated

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

30.04.2026 permitted the Department to enlarge the scope of the original notice or to proceed afresh.

4. Learned Senior Standing Counsel for the respondents, relying on the reply, makes the following submissions:

(i) No demand has been raised or enhanced. The figure of Rs.84,50,325/- is only the aggregate of the information suggesting escapement of income. No assessment has been framed and no tax, interest or penalty levied.

(ii) The letter dated 08.05.2026 does no more than discharge the direction in clause (i) of Ashish Agarwal and the order dated 30.04.2026. Nothing was amended and nothing was issued afresh; the notice under Section 148A(b) is, and remains, the notice dated 30.03.2021.

(iii) Both items were uploaded on the Insight Portal on 07.03.2021, before the notice dated 30.03.2021, and formed part of the Assessing Officer's record. They pertain to the same assessee, the same assessment year and the same subject matter, namely dealings in shares routed through entities controlled by entry operators, and do not constitute separate causes of action. Section 148A(b) and the rule of audi alteram partem required the whole material to be disclosed; withholding part of it would have invited a challenge on the ground of reliance on undisclosed material.

(iv) The reasons themselves reserved the position as to "other income which comes to the notice during the course of assessment proceedings". Even assuming that the second item came to the Assessing Officer's notice only after the deemed notice, the

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

Explanation to Section 147 empowers the Assessing Officer to assess income in respect of any issue which comes to his notice subsequently in the course of the proceedings.

(v) Having accepted the legal fiction that the notice dated 30.03.2021 is a notice under Section 148A(b) for the purpose of escaping the pre-amendment regime, the petitioner cannot approbate and reprobate by contending that the reference date for limitation is 08.05.2026.

(vi) The question of limitation is concluded by **Union of India v. Rajeev Bansal**, (2024) 469 ITR 46 (SC). The validity of the notice is to be tested with reference to the deemed notice dated 30.03.2021. Shares are an "asset" under the Explanation to Section 149(1), and since Rs.84,50,325/- exceeds Rs.50 lakh, the ten-year period under Section 149(1)(b) is available. The six-year period under the unamended Section 149(1)(b), which expired on 31.03.2020, stood extended to 30.06.2021 by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 ("the Relaxation Act"). Under the third proviso to Section 149(1), the period from 15.02.2022 to 30.04.2026, the period between the deemed notice and the supply of material, and the time allowed to reply, from 08.05.2026 to 22.05.2026, are all excluded.

(vii) The petitioner did not file any reply to the letter dated 08.05.2026, either within the time granted or in the period of over a month before the order dated 25.06.2026 was passed. The petition raises questions of fact, is premature, and the petitioner has an efficacious alternative remedy before the Assessing Officer and thereafter in appeal under Section 246A.

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

5. We have heard learned counsel for the parties and perused the paper book and the reply.

6. The issue is no longer res integra. In CWP No. 20141 of 2026 (Tanu Jain v. Union of India and others), this Court considered the same questions on materially identical facts. That case involved the same Assessing Officer, the same assessment year and the same sequence of proceedings: a notice dated 30.03.2021 whose reasons were confined to Rs.26,40,000/-; a writ petition kept pending with interim protection; an order on concession treating that notice as a show cause notice under Section 148A(b); and a letter dated 08.05.2026 enclosing two Insight Portal extracts from the same two sources, Dayanand Singh and Mahanivesh (India) Ltd. This Court held:

(i) A notice treated as a show cause notice under Section 148A(b) in terms of Ashish Agarwal remains confined to the grounds on which it was originally issued. The Assessing Officer may supply the material underlying it, but cannot use that opportunity to introduce a new item of escaped income. Availability of information on the Insight Portal is distinct from reliance upon it, and a description of material as “relied upon” in a letter issued years later cannot displace the contemporaneous reasons.

(ii) Two items relating to share dealings in the same year remain separate pieces of information where they come from different sources, bear different upload IDs and involve different transactions and amounts. A similar modus operandi does not make one a part of the other. The obligation of disclosure under Ashish Agarwal and Section 148A(b) extends to the material underlying the existing notice, and cannot be converted into a power to enlarge it.

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

(iii) An item put to the assessee for the first time on 08.05.2026 amounts, in substance, to a fresh notice, and its limitation must be tested with reference to that date. So tested, it is barred: the ten-year period for Assessment Year 2013-14 expired on 31.03.2024, and the six-year period under the unamended provision, even as extended by the Relaxation Act, ended on 30.06.2021. The exclusion of time under the third proviso to Section 149(1) attaches only to the proceeding actually pending and stayed, and not to an item that was never part of it.

(iv) The power to assess income which comes to notice subsequently in the course of the proceedings arises only in a reassessment, after a valid notice under Section 148, and cannot be used at the stage of Section 148A to found jurisdiction or to satisfy the threshold in Section 149. Nor does the plea that no demand has been raised assist the Revenue, since the finding of escapement in the order under Section 148A(d) is the jurisdictional basis for invoking the extended period.

(v) Without the new item, the original item of Rs.26,40,000/- is below the threshold of Rs.50 lakh. As held in Rajeev Bansal, a deemed notice for an assessment year preceding 2021-22 must satisfy both the first proviso to Section 149(1), which imports the time limit under the unamended provision, and the time limit, including the monetary threshold, under the substituted Section 149(1)(b); satisfying the unamended time limit answers only the first of these conditions. The proceedings, therefore, cannot be sustained, and a remand confined to Rs.26,40,000/- would be an empty formality.

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

(vi) Where limitation goes to the root of jurisdiction and the facts are borne out by documents on record, the petitioner cannot be relegated to the alternative remedy (**Whirlpool Corporation v. Registrar of Trade Marks**, (1998) 8 SCC 1). Failure to reply to the letter dated 08.05.2026 does not confer a jurisdiction which the statute denies.

7. Only the first of the matters noticed below distinguishes the present case; the remaining three arose equally in, and are answered by, Tanu Jain:

(i) The second item here, Rs.58,10,325/-, by itself exceeds Rs.50 lakh, whereas in Tanu Jain the second item was below that figure. That makes no difference. The item is excluded not because of its amount but because it did not form part of the notice dated 30.03.2021 and was put to the petitioner for the first time on 08.05.2026. Even if the ten-year period were available to it on its own, that period expired on 31.03.2024; and the six-year period under the unamended Section 149(1)(b), even as extended by the Relaxation Act, ended on 30.06.2021. The third proviso to Section 149(1) does not help the respondents, since the only proceeding pending and stayed between 15.02.2022 and 30.04.2026 was the one founded on Rs.26,40,000/-. What survives is Rs.26,40,000/-, which is below the threshold.

(ii) The words “as well as other income which comes to the notice during the course of assessment proceedings” in the reasons record no belief as to any particular escapement. They identify no information, no item and no amount, and only anticipate the power under the Explanation to Section 147, which, as held in Tanu Jain, arises only after a valid notice under Section 148.

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

(iii) The petitioner did not reply to the letter dated 08.05.2026. That is not to be commended, but silence on the part of an assessee cannot confer a jurisdiction which the statute withholds, and her pleas were expressly preserved by the order dated 30.04.2026.

(iv) The petition assails the impugned action as "time barred insofar has the demand against the petitioner has been enhanced", the word "demand" being used loosely to denote the escaped income alleged, and also seeks any other appropriate writ, order or direction. The contention that Rs.26,40,000/- by itself cannot sustain the extended period of limitation is not specifically pleaded. It is, however, a pure question of law going to the jurisdiction of the Assessing Officer, which arises on the documents on record and on the respondents' own pleadings. All defences under Section 149 were kept open by Ashish Agarwal and by the order dated 30.04.2026, and the respondents have met the point in their reply, which rests the extended period on the aggregate alone. The question can, therefore, be decided. The respondents' own case on the extended period rests entirely on the aggregate of Rs.84,50,325/- exceeding Rs.50 lakh. The order under Section 148A(d) and the notice under Section 148 dated 25.06.2026 are single jurisdictional acts founded on that aggregate. Once it fails, nothing survives that could be severed and saved, and remitting the matter for a fresh order confined to Rs.26,40,000/- would be an empty formality, since any such order would be barred on its face. The relief must be moulded accordingly.

8. The present case is, therefore, squarely covered by Tanu Jain (supra). Accordingly, the writ petition is allowed. The letter dated 08.05.2026 (Annexure

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document

P-14), described in the petition as a notice under Section 148A(b), the order dated 25.06.2026 passed under Section 148A(d) (Annexure P-15) and the notice dated 25.06.2026 issued under Section 148 (Annexure P-16) are hereby quashed, along with all consequential proceedings for Assessment Year 2013-14.

9. Pending miscellaneous application(s), if any, also stand disposed of. There shall be no order as to costs.

(DEEPAK SIBAL)
JUDGE

(SUNISH BINDLISH)
JUDGE

November 20, 2026
rps

Whether speaking/reasoned Yes/No
Whether reportable Yes/No

RATTAN PAL SINGH
2026.11.20 15:02
I attest to the accuracy and
integrity of this document