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CRP.No.5650 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON :01.12.2025

PRONOUNCED ON :07.01.2026

CORAM:

THE HONOURABLE MR.JUSTICE S.SOUNTHAR

CRP.No.5650 of 2025
and CMP.No.28269 of 2025

R.V.Venkateshan

... Petitioner

vs.

1.Sanjay @ Sanjay Sait
2.Manisha
3.S.Karthikeyan
4.S.Muruganandam
5.Marimuthu

... Respondents

PRAYER: Civil Revision Petition is filed under Article 227 of Constitution of India, to call for the records pertaining to order of the learned III Additional City Civil Court, Chennai passed in I.A.No.14 of 2025 in O.S.No.2731 of 2019, dated 22.08.2025, set aside the same.

For Petitioner : Mr.V.Raghavachari
Senior Counsel
for M/s.A.Ramalingam

For Respondents : Mr.K.Jegannathan



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J U D G M E N T

The Civil Revision Petition is filed challenging the order passed by the trial Court directing the petitioner/plaintiff to produce the PAN number to the respondents 1 and 2/defendants 1 and 2 and to forward the case particulars to the Income Tax Department.

2. The petitioner herein filed a suit for recovery of money based on promissory note. It was the case of the petitioner that he lent a sum of Rs.80,00,000/- by cash to the respondents on 21.06.2016 and they executed the suit promissory note and agreed to repay the said sum with interest at the rate of 12% per annum. Since the respondents failed to pay the debt inspite of demand, the suit was laid for recovery of money. The respondents 1 and 2 who were arrayed as defendants 1 and 2 in the suit filed an application seeking direction to petitioner to reveal his PAN number and also seeking a direction to forward the copy of the plaint and other documents to jurisdictional Income Tax Authorities for the purpose of considering the violation of Section 269 ST of Income Tax Act. The said



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application was allowed by the trial Court. Aggrieved by the same, the petitioner has come before this Court.

3. The learned counsel appearing for the petitioner would submit that the trial Court ordered the application filed by the respondents 1 and 2 by relying on the judgment of the Apex Court in ***The Correspondent, RBANMS Educational Institution Vs. B.Gunashekar and another*** reported in ***2025 INSC 490***. However, Section 269 ST of Income Tax Act came into force only with effect from 01.04.2017 as per Finance Act of 2017. The suit transaction had taken place prior to 01.04.2017. Therefore, the newly introduced Section 269ST of Income Tax Act cannot be pressed into service in respect of the suit transaction.

4. In support of his contention, he relied on the order passed by Income Tax Appellate Tribunal, Delhi 'C' Bench, in ITA.No.158/DEL/2023 [A.Y.2017-18] in ***Krishna Wanti Vs. Joint Commissioner of Income Tax, Range - 35, New Delhi***.



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5. The learned counsel appearing for the respondent by relying on the judgment of the Apex Court in ***The Correspondent, RBANMS Educational Institution Vs. B.Gunashekar and another*** reported in ***2025 INSC 490*** submitted that as per the guideline issued by the Apex Court in the above mentioned case, all the Courts in India are duty bound to inform the suit transaction in cash to the Tax Authorities, if the amount involved is more than Rs.2,00,000/-.

6. Section 269 ST of Income Tax Act reads as follows:

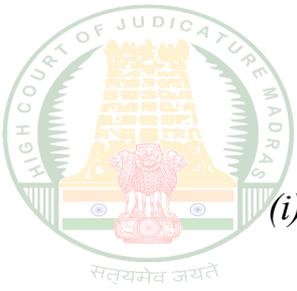
[269ST. Mode of undertaking transactions.—No person shall receive an amount of two lakh rupees or more—

(a) in aggregate from a person in a day; or

(b) in respect of a single transaction; or

(c) in respect of transactions relating to one event or occasion from a person,

otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account: Provided that the provisions of this section shall not apply to—



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(i) any receipt by—

(a) Government;

(b) any banking company, post office savings bank or co-operative bank;

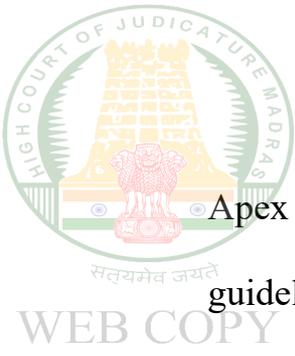
(ii) transactions of the nature referred to in section 269SS;

(iii) such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify. Explanation.—For the purposes of this section,—

(a) “banking company” shall have the same meaning as assigned to it in clause (i) of the Explanation to section 269SS;

(b) “co-operative bank” shall have the same meaning as assigned to it in clause (ii) of the Explanation to section 269SS.]

7. A perusal of the same would establish no person shall receive an amount of Rs.2,00,000/- or more after coming into force of the said Act and violation of the same would result in penalty under Section 271 DA of Income Tax Act and he shall be liable to pay, by way of penalty, a sum equivalent to amount of such receipt. The said provision was introduced by the Government just to curb black money by digitalizing the transaction above Rs.2,00,000/-. In the above mentioned judgment, the



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Apex Court after referring to the above said provision issued following guidelines. The relevant portion reads as follows:

“ When a suit is filed claiming Rs.75,00,000/- paid by cash, not only does it create a suspicion on the transaction, but also displays, a violation of law. Though the amendment has come into effect from 01.04.2017, we find from the present litigation that the same has not brought the desired change. When there is a law in place, the same has to be enforced. Most times, such transactions go unnoticed or not brought to the knowledge of the income tax authorities. It is settled position that ignorance in fact is excusable but not the ignorance in law. Therefore, we deem it necessary to issue the following directions:

(A) Whenever, a suit is filed with a claim that Rs. 2,00,000/- and above is paid by cash towards any transaction, the courts must intimate the same to the jurisdictional Income Tax Department to verify the transaction and the violation of Section 269ST of the Income Tax Act, if any,



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(B) Whenever, any such information is received either from the court or otherwise, the Jurisdictional Income Tax authority shall take appropriate steps by following the due process in law,

(C) Whenever, a sum of Rs. 2,00,000/- and above is claimed to be paid by cash towards consideration for conveyance of any immovable property in a document presented for registration, the jurisdictional Sub-Registrar shall intimate the same to the jurisdictional Income Tax Authority who shall follow the due process in law before taking any action,

(D) Whenever, it comes to the knowledge of any Income Tax Authority that a sum of Rs. 2,00,000/- or above has been paid by way of consideration in any transaction relating to any immovable property from any other source or during the course of search or assessment proceedings, the failure of the registering authority shall be brought to the knowledge of the Chief Secretary of the State/UT for initiating appropriate disciplinary action against such officer who failed to intimate the transactions”

8. Therefore, it is clear whenever suit is filed with a claim of more than Rs.2,00,000/- and the amount was said to be paid in cash towards the



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suit transaction, the Court shall intimate the same to the jurisdictional

Income Tax Department to verify the transaction and violation of Section

269 ST of Income Tax Act.

9. In the case on hand, as per the plaint averment, the plaintiff said to have paid Rs.80,00,000/- in cash to the defendants on 21.06.2016. Though the amount said to have been paid prior to coming into force of Section 269 ST of Income Tax Act, such a huge transaction by the plaintiff should have been reflected in his income tax return. If it is not duly mentioned in its income tax returns, certainly, the transaction should be viewed with suspicion. Whether the transaction which has not been brought into the book or a black money transaction can be a subject matter of the suit and whether the Court can lend its helping hand to recover money based on such transaction are all matters to be decided at the time of final disposal of the suit. Therefore, I do not want to express any opinion on the said aspect. If ultimately the plaintiff is able to prove the payment of Rs.80,00,000/- by cash to the defendants, certainly it should be brought to the notice of the Income Tax Department for setting law into motion.



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10. The Apex Court, in the above mentioned decisions with the noble object of abolishing black money transaction, issued general guidelines to Courts in India to intimate such kind of heavy cash transaction to the jurisdictional Income Tax Authorities. Though the present suit transaction had taken place prior to introduction of Section 269ST of the Income Tax Act, even in the absence of said provisions, this kind of heavy cash transaction requires consideration by the Income Tax Department. Therefore, I do not want to interfere with the order passed by the trial Court directing the Ministerial Officer of the Court to intimate the suit transaction to the Income Tax Department by forwarding the copies of the plaint documents.

11. As far as the direction issued by the trial Court to reveal the PAN number of the petitioner is concerned, in the guideline issued by the Apex Court in the above mentioned case, no such direction is given and the petitioner cannot be compelled to reveal his PAN number to the respondents. Therefore, the direction issued by the trial Court to the petitioner to reveal his PAN number to the respondents is set aside and that portion of the impugned order is modified. The direction issued by the trial Court to

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forward the copy of the plaint and the plaint documents to the jurisdictional

Income Tax Authority is confirmed.

12. In view of the discussions made earlier, the Civil Revision Petition is partly allowed by setting aside the portion of the impugned order directing the petitioner to reveal his PAN number to the respondents. The other portion of the direction issued by the trial Court directing the Ministerial Officer of the Court to forward the copy of the plaint along with documents to the jurisdictional Income Tax Authority is confirmed. No costs. Consequently, connected miscellaneous petition is closed.

07.01.2026

Index : Yes/No
Speaking order:Yes/No
Neutral Citation:Yes/No
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To

The III Additional City Civil Court,
Chennai.

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S.SOUNTAR, J.

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