

DATED THIS THE 12TH DAY OF FEBRUARY, 2024

R

BEFORE

THE HON'BLE MR JUSTICE KRISHNA S DIXIT

WRIT PETITION NO. 8797 OF 2022 (T-IT)

C/W

WRIT PETITION NO.8815 OF 2022 (T-IT)

IN W.P.NO.8797/2022:

BETWEEN:

SMT. VASANTHI RAMDAS PAI,
AGED ABOUT 80 YEARS,
W/O. DR. RAMDAS MADHAVA PAI,
RESIDING AT 1, GEETHANJALI,
MANIPAL-576 104,
KARNATAKA,
REPRESENTED THROUGH A POWER OF ATTORNEY
HOLDER SHRI. RAJESH KRISHNASWAMY MOORTI,
RESIDING AT NO. 908, 20TH MAIN ROAD,
BANASHANKARI II STAGE, BANGALORE SOUTH,
BANGALORE-560 070,
KARNATAKA.

...PETITIONER

(BY SRI.AJAY VOHRA, SENIOR COUNSEL A/W SRI.S K TULSIYAN, ADVOCATE AND MS. ANNAPOORNA S, ADVOCATE AND SRI. ABRAHAM JOSEPH, ADVOCATE)

AND:

1. THE INCOME TAX OFFICER
WARD 1 AND TPS, UDUPI,
AAYAKAR BHAWAN, UDUPI MALPE ROAD,
AMBALPADI POST, MANGALORE-576 103,
KARNATAKA.



- 2. THE ADDITIONAL COMMISSIONER OF INCOME TAX CENTRAL REVENUE BUILDING, ATTAVAR, MANGALORE-575 001, DAKSHINA KANNADA, KARNATAKA.
- 3. THE PRINCIPAL COMMISSIONER OF INCOME TAX AAYAKAR BHAWAN, PANAJI REGION, PATTO EDC COMPLEX, PANAJI, GOA-403 001.
- 4. UNION OF INDIA REPRESENTED THROUGH THE SECRETARY, MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI-110 001.

...RESPONDENTS

(BY SRI. N VENKATARAMAN., ASG A/W SRI. M DILIP., ADVOCATE)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO QUASH THE IMPUGNED ORDER PASSED BY THE R-1 UNDER CLAUSE (d) OF SECTION 148A OF THE ACT DTD 31.03.2022 VIDE ANNX-K AND QUASH THE IMPUGNED NOTICE DTD 31.03.2022 ISSUED UNDER SECTION 148 OF THE ACT ISSUED BY THE R-1 VIDE ANNX-L.

IN W.P.NO.8815/2022:

BETWEEN:

DR. RAMDAS MADHAVA PAI,
AGED ABOUT 86 YEARS,
S/O. LATE TMA PAI,
RESIDING AT 1, GEETHANJALI,
MANIPA-576 014, KARNATAKA,
REPRESENTED THROUGH A POWER OF ATTORNEY BY
SHRI. RAJESH KRISHNASWAMY MOORTI,
RESIDING AT NO. 908, 20TH MAIN ROAD,
BANASHANKARI II STAGE, BANGALORE SOUTH,
BANGALORE-560 070, KARNATAKA.
(SENIOR CITIZEN BENEFIT NOT CLAIMED)

...PETITIONER

(BY SRI.AJAY VOHRA, SENIOR COUNSEL A/W SRI.S K TULSIYAN, ADVOCATE AND MS. ANNAPOORNA S, ADVOCATE AND



SRI. ABRAHAM JOSEPH, ADVOCATE)

AND:

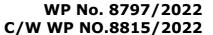
- 1. THE INCOME TAX OFFICER WARD 1 AND TPS, UDUPI, AAYAKAR BHAWAN, UDUPI MALPE ROAD, AMBALPADI POST, MANGALORE-576 103, KARNATAKA.
- 2. THE ADDITIONAL COMMISSIONER OF INCOME TAX CENTRAL REVENUE BUILDING, ATTAVAR, MANGALORE-575 001, DAKSHINA KANNADA, KARNATAKA.
- 3. THE PRINCIPAL COMMISSIONER OF INCOME TAX AAYAKAR BHAWAN, PANAJI REGION, PATTO EDC COMPLEX, PANAJI, GOA-403 001.
- UNION OF INDIA REPRESENTED THROUGH THE SECRETARY, MINISTRY OF FINANCE, GOVERNMENT OF INDIA, NORTH BLOCK, NEW DELHI-110 001.

...RESPONDENTS

(BY SRI. N VENKATARAMAN., ASG A/W SRI. M DILIP., ADVOCATE)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO QUASHING THE IMPUGNED ORDER PASSED BY THE RESPONDENT NO.1 UNDER CLAUSE (D) OF SECTION 148A OF THE ACT DATED 31.03.2022 AT ANNEXURE-K AND OR QUASHING THE IMPUGNED NOTICE DATED 31.03.2022 ISSUED UNDER SECTION 148 OF THE ACT ISSUED BY THE R-1 AT ANNEXURE-L AND OR.

THESE PETITIONS HAVING BEEN HEARD AND RESERVED FOR ORDER, THIS DAY, THE COURT PRONOUNCED THE FOLLOWING:





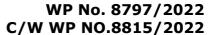
ORDER

These two petitions having substantially similar factual matrix and involving identical questions of law, seek to lay a challenge to the orders dated 31.3.2022 passed u/s 148A(d) followed by evenly dated notices issued u/s 148 of the Income Tax Act, 1961. The impugned action has been generated at the hands of 1st respondent.

I. FOUNDATIONAL FACTS OF THE CASES:

(a) Petitioner in W.P.No.8815/2022 is the husband of petitioner in companion W.P.No.8797/2022; they are an octogenarian couple. In the year 2010 and up to the year 2016, petitioner-Dr.Ramdas Madhava Pai acquired certain shares in Manipal Education and Medical Group India Private Limited (hereafter 'MEMGIPL'). In March 2017, his son Dr.Ranjan Pai gifted shares held in MEMGIPL to petitioner-Dr.Ramdas Madhava Pai. Likewise, his daughter-in-law gifted shares to petitioner-Smt.Vasanthi Pai. On 16.11.2017, the National Company Law Tribunal

- 5 -

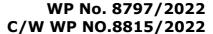




(hereafter 'NCLT') approved the scheme of demerger of the property management business of MEMGIPL into another company namely Manipal Integrated Services Private Limited (hereafter 'MISPL'). By wav of consideration, 10,87,97,101 shares of MISPL were allotted to the shareholders of MEMGIPL. The appointed day of demerger was denoted as 30.11.2016. Accordingly, petitioner-Dr.Ramdas Pai and petitioner-Vasanthi Pai got to hold 5537216 and 5359885 shares respectively in MISPL. Another order dated 30.11.2017 came to be passed by the NCLT approving the demerger of facility management services of MISPL into Quess Corp. Ltd. In consideration of this demerger, the two writ petitioners were allotted shares in Quess Corp. The appointed date for this demerger was 1.12.2016. In February and March 2018, the petitioners are said to have sold the shares in Quess Corp.

(b) On 10.12.2018, both Petitioners filed their Returns of Income for the Assessment Year 2018-19 u/s 139 of the Act. On 11.03.2022, notices u/s 148A(b) of

- 6 -





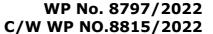
the Act were issued to them, on the following two premises:

- (i) that the petitioners were allotted shares in Quess Corp Ltd as a consequence of demerger arrangements and the same are taxable in terms of Section 56(2)(x)(c) of the 1961 Act; and
- (ii) that the petitioners having sold the shares of Quess Corp before March 2018 ought to have offered the same to tax.

Petitioners sent their replies dated 28.3.2022 to the subject Show Cause Notices taking up certain objections and requested for dropping of the proposed action. However, the Assessing Officer vide orders dated 31.3.2022 passed u/s 148A(d), overruled the objections and issued notices u/s 148 of the Act for the Assessment Year 2018-19. These orders and notices are the subject matter of challenge in these petitions.

(c) After service of notice, the Assessing Officer having entered appearance through their Panel Counsel, resisted the Writ Petitions by filing individual Statement of Objections. The learned Additional Solicitor General of India appearing for the Assessing Officer made his

- 7 -

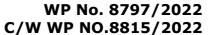




submission in justification of the impugned action and the reasons on which the same has been founded. Both the Assessing Officer and the Assessees have filed their Written Submissions as well. Certain rulings have been cited in support of their respective cases.

II. AS TO WHAT THE ASSESSEES HAVE ARGUED:

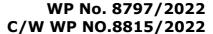
- (a) The primary condition for reopening assessments envisages escapement of income which is absent in the case at hands and thus, the action is without jurisdiction; in any circumstance, it is *sans* jurisdictional fact.
- (b) The order passed under Section 148A(d) has gone well beyond the show cause notice and touched matters not even alleged and that the reply of the petitioners have not been considered.
- (c) The reasons recorded in the show cause notices issued under Section 148A(b) constitute the foundation for the case and it is impermissible for the Assessing Officer to travel beyond the said grounds and traverse new grounds.
- (d) The scheme that has been approved by the NCLT cannot be called into question by the Income Tax authorities, who too were parties before the NCLT.





III. AS TO WHAT THE REVENUE CONTENDED:

- (a) That the decision of the Assessing Officer u/s. 148A(d) to re-open the assessment is by its very nature tentative; what is being looked into is *re-opening-worthiness* of the assessments. All submissions of the petitioners would be considered when the assessment is undertaken.
- (b) That the issues raised by the petitioners being disputed questions of facts merit adjudication at the hands of Assessing Officer. For reopening assessment, what one needs to see is, only a *prima facie* case of escapement of income. That the *prima facie* opinion formed u/s.148A(d) is based on material available on record. Therefore, at this stage, the challenge is premature.
- (c) The assesses had filed Returns of Income; no assessment was made although only an intimation was sent. Consequent to a survey under Section 133A on Quess Corp Ltd, it was found that consideration was liable to be taxed as short term capital gains.
- (d) A series of transactions undertaken by the petitioners and the companies of the Manipal group showed clear-round-trip-financing which lacks commercial substance; *prima facie* it is not for *bona fide* purposes.





Therefore a notice was issued for escaped assessment. Findings of the Assessing Officer on round tripping, etc., are quite in order in terms of Sections 95 to 102 which are applicable from the AY 2018-19.

- (e) That section 49 is not attracted in the said case to include the previous ownership of shares and therefore clause (b) of Explanation I to Section 2(42A) of the Act is not applicable. It is not permissible to take the holding period in MEMGIPL, but only the period in MISPL should be taken. If that is done, the period is shorter than 12 months resulting in short term capital gains.
- **IV.** Having heard the learned counsel for the parties and having perused the Petition Papers, I am inclined to grant indulgence in the matter as under and for the following reasons:
- (A) On the basis of pleadings coupled with submissions at the Bar, what needs to be essentially examined is the scope &invocabilityinter alia of sections 147 & 148 of the 1961 Act which have been recast under the Finance Act, 2021, the subject notices having been issued post-amendment. The statutory scheme envisaged under Chapter XIV has the following salient features:

- 10 -





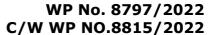
(i) Section 147 provides for the assessment or reassessment of escaped income, subject to complying with the provisions of sections 148 to 153 of the Act. The Explanation to the said section allows assessment or reassessment of any other income which is chargeable to tax but has escaped assessment and comes to his notice during the course of assessment/reassessment even if provisions of Section 148A have not been complied with Therefore, it is clear that for doing an assessment/reassessment for escaped income, ingredients of Sections 148 to 153 should be satisfied in the initial stages; if that happens, the requirement of fresh adherence to Section 148A pales into insignificance. Section 148 mandates issuance of notice to undertake assessment under Section 147 after adhering to the provisions of Section 148A. It is incumbent on the officer to serve a copy of the order issued under Section 148A(d) along with the notice under section 148. The notice under section 148 could be issued after taking prior permission as contemplated in the First Proviso; the said notice calls upon the Assessee to furnish a Return of Income. However, with effect from 1.4.2022, such prior permission is not contemplated under the circumstances specified in the Second Proviso.

- 11 -

WP No. 8797/2022 C/W WP NO.8815/2022



- Section 148A, which assumes pivotal relevance (ii) in the matter has a heading which runs "Conducting inquiry and providing opportunity before issue of notice under Section 148." This provision apparently employing the word 'shall' and in its text, nothing being repugnant, one can safely assume it to be mandatory. Thus, issuance of notice to the Assessee as to why a notice under Section 148 should not be issued to assess his 'escaped income' is a sine qua non. The provision also mandates the Assessing Officer to objectively consider not only the material gathered but also the reply furnished by the Assessee before an order is passed permitting the issuance of Section 148 notice. Rest of the provisions of the Act do not matter since it is the specific case of Assessees that the impugned action lacks jurisdictional facts. Their thrust is on the guestions, whether at all the subject notices could have been issued u/s 148 and whether the subject orders could have been made in their present form & substance.
- **(B)** One of the jurisdictional issues which would arise for consideration is, whether there is "information suggesting escapement of income" so as to invoke Section 147 and issue notice under Section 148. Should this jurisdictional fact be absent, the question of issuing notices or making orders under Section 148A would not arise. It is pertinent to delve into the history of Sections 147 & 148 as they stood both before the amendment.





(a) Prior to 01.04.2021, Section 147 of the Income Tax Act, 1961 had the following text:

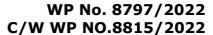
"If the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may, subject to the provisions of sections 148 to 153, assess or reassess such income and also any other income chargeable to tax which has escaped assessment and which comes to his notice subsequently in the course of the proceedings under this section. recompute the loss or the depreciation allowance or any other allowance, as the case may be, for the assessment year concerned (hereafter in this section and in sections 148 to 153 referred to as the relevant assessment year)"

Post amendment w.e.f 01.04.2021, it reads:

"If any income chargeable to tax, in the case of an assessee, has escaped assessment for any assessment year, the Assessing Officer may, subject to the provisions of sections 148 to 153, assess or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for such assessment year (hereafter in this section and in sections 148 to 153 referred to as the relevant assessment year)."

(b) Let me undertake the comparative examination of the old provision in Section 147 with the new: under the old section, the opening words were "If the Assessing Officer has reason to believe that any income chargeable

- 13 -



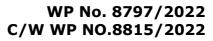


to tax has escaped assessment for any assessment year". As against that, in the amended section, the opening words are: "If any income chargeable to tax, in the case of an assessee, has escaped assessment for any assessment year". So, what is conspicuously missing from the new section is the term "reason to believe". In other words, under the new provisions, section 147 of the Act can be invoked only if any income chargeable to tax has "escaped assessment". Thus, the Assessing Officer has to be prima facie satisfied that there is "escapement of income", unlike earlier law which permitted action based on mere reason to believe. Now mere reason to believe, cannot be a ground for carrying out assessment under section 147 of the Act.

(c) Section 148 of the Income Tax Act, 1961:

As per section 148 of the Income Tax Act, 1961, before making the assessment, reassessment or recomputation under section 147, the AO has to serve notice under section 148, requiring the Assessee to furnish a Return of Income during the previous year corresponding to the relevant assessment year. The Return so furnished shall be considered as the one furnished under section 139 of the Act. As per first Proviso to section 148, no notice under section 148 can be issued unless there is 'information which suggests that the income chargeable to

- 14 -





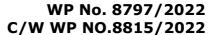
tax has escaped assessment' in the case of an assessee for the relevant assessment year. Firstly, the Assessing Officer should have information; secondly, such information should suggest that there is an escapement of income. The phrase 'information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment' is explained in Explanation 1 to section 148 to mean:

From 1.4.2021 to 31.03.2022:

- (i) any information flagged in the case of the assessee for the relevant assessment year in accordance with the risk management strategy formulated by the Board from time to time; or
- (ii) any final objection raised by the Comptroller and Auditor General of India to the effect that the assessment in the case of the assessee for the relevant assessment year has not been made in accordance with the provisions of this Act

From 1.4.2022:

- (i) any information in the case of the assessee for the relevant assessment year in accordance with the risk management strategy formulated by the Board from time to time; or
- (ii) any audit objection to the effect that the assessment in the case of the assessee for the relevant assessment year has not been made in accordance with the provisions of this Act; or
- (iii) any information received under an agreement referred to in section 90 or section 90A of the Act; or





- (iv) any information made available to the Assessing Officer under the scheme notified under section 135A; or
- (v) any information which requires action in consequence of the order of a Tribunal or a Court.
- **(C)** CBDT has issued Instruction dated 10.12.2021 vide F.NO. 225/135/2021/ITA-II indicating as to what is information and how it would be collected. The relevant portion of the instructions is reproduced for ready reference:
 - "2. As per the amended provisions of the section 148 of the Income-tax Act,1961 ('the Act'), the information which has escaped assessment has been defined to include the two categories of information, i.e., (i) the information which is flagged in accordance with the risk management strategy formulated by the Board; and (ii) final audit objection raised by the C&AG.
 - 3. For effective implementation of risk management strategy, the Central Board of Direct Taxes (Board), in exercise of its powers under section 119 of the Act, directs that the Assessing Officers shall identify the following categories of information pertaining to Assessment Year 2015-16 and Assessment Year 2018-19, which may require action under section 148 of the Act, for uploading on the Verification Report Upload (VRU) functionality on Insight portal:
 - (i) Information from any other Government Agency/Law Enforcement Agency.



- (ii) Information arising out of Internal Audit objection, which requires action u/s 148 of the Act.
- (iii) Information received from any Income-tax Authority including the assessing officer himself or herself.
- (iv) Information arising out of search or survey action.
- (v) Information arising out of FT&TR references.
- (vi) Information arising out of any order of court, appellate order, order of NCLT and/or order u/s 263/264 of the Act, having impact on income in the assessee's case or in the case of any other assessee.
- (vii) Cases involving addition in any assessment year on a recurring issue of law or fact
- a. exceeding Rs. 25 lakhs in eight metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune while at other charges, quantum of addition should exceed Rs. 10 lakhs.
- b. exceeding Rs. 10 crore in transfer pricing cases.

and where such an addition:

- 1. has become final as no further appeal has been filed against the assessment order; or
- 2. has been confirmed at any stage of appellate process in favor of revenue and assessee has not filed further appeal; or
- 3. has been confirmed at the 1st stage of appeal in favor of revenue or





subsequently; even if further appeal of assessee is pending, against such order.

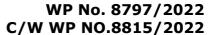
As per the provisions of section 149(1)(b) of the Act, in specific cases where the Assessing Officer has in his possession evidence which reveal that the income escaping assessment, represented in the form of asset, amounts to or is likely to amount to fifty lakh rupees or more, notice can be issued beyond the period of three years but not beyond the period of ten years from the end of the relevant assessment year. Further, 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 1st day of April, 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. As per explanation provided to section 149 of the Act, the term "asset" shall include immovable property, being land or building or both, shares and securities, loans and advances, deposits in bank account."

(D) MEANING OF WORDS: 'SUGGEST' AND 'INFORMATION' EMPLOYED IN THE SUBJECT PROVISIONS:

(a) The word 'suggest' is not defined in the 1961 Act and therefore, one has to ascertain its meaning from other sources.

As per Advanced Law Lexicon – The word 'suggest', either in its meaning as ordinarily employed or as affected

- 18 -





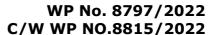
by the context of the will, that can be regarded as expressive of confidence, or belief, or desire, or hope, or will, or as the equivalent of a word of entreaty or recommendation: is in fact, and a precatory word at all, in the ordinary sense. As per Black's Law Dictionary - To introduce indirectly to the thought; to propose with difference or modesty; to hint; to intimate. As per Merriam-Webster - "to call to mind by thought or association".

(b) 'Information': The expression 'information' in the context in which it occurs must, mean instruction or knowledge derived from an external source concerning facts or particulars, or as to law relating to a matter bearing on the assessment vide: CIT vs A. RAMAN & CO. [1968] 67 ITR 11 (SC)]. Therefore, Section 148 would point out to concrete information which could be facts which point out to a case of income having escaped assessment.

In LARSEN AND TOUBRO LTD Vs STATE OF JHARKHAND 2017-TIOL-129-SC, the following has been stated:

"What is information? According to the Oxford Dictionary, 'information' means facts told, heard or discovered about somebody/something. The Law Lexicon describes the term 'information' as the act or process of informing, communication or reception of knowledge. The

- 19 -





expression 'information' means instruction or knowledge derived from an external source concerning facts or parties or as to law relating and/or having a bearing on the assessment. A mere change of opinion or having second thought about it by the competent authority on the same set of facts and materials on the record does not constitute 'information' for the purposes of the Act. But the word "information" used in the aforesaid Section is of widest amplitude and should not be construed narrowly. It comprehends not only variety of factors including information from external sources of any kind but also the discovery of new facts or information available in the record of assessment not previously noticed or investigated."

(E) Let me refer to some of the Rulings rendered both on the amended & unamended provisions in question.

DECISIONS ON SECTIONS 147 & 148 AND 148A:

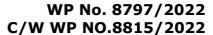
(a) (Prior to amendment of section 147)

(i) CIT vs KELVINATOR OF INDIA LTD., (2010) 2 SCC

723: The Hon'ble Supreme Court held that a mere change of opinion cannot be the reason to reopen the case. It observed:

"...One needs to give a schematic interpretation to the words "reason to believe" failing which, Section 147 would give arbitrary powers to the assessing officer to reopen assessments on the basis of "mere change of

- 20 -





opinion", which cannot be per se reason to reopen... We must also keep in mind the conceptual difference between power to review and power to re-assess. The Assessing Officer has no power to review; he has the power to re-assess. But re-assessment has to be based on fulfillment of certain pre-condition and if the concept of "change of opinion" is removed, as contended on behalf of the Department, then, in the garb of re-opening the assessment, review would take place.... The assessing officer has power to reopen, provided there is "tangible material" to come to the conclusion that there is escapement of income from assessment. Reasons must have a live link with the formation of the belief."

(ii) ACIT vs ICICI SECURITIES PRIMARY

DEALERSHIP LTD., (2012) 13 SCC 514: In this case,
the assessee had filed Return of Income declaring income
from shares and the assessment was concluded based on
the said Return of Income. However, after 4 years of time,
the revenue sought to reopen the assessment on the
ground that there is loss incurred by the assessee on
trading of shares and such loss is a speculative loss. The
Hon'ble Supreme Court held that once the assessment is
finalised based on details furnished in Return, reopening of

- 21 -





assessment is not permissible due to change of opinion of Assessing Officer.

(iii) INCOME-TAX OFFICER v. LAKHMANIMEWAL DAS [1976] 103 ITR 437 (SC): In this case, the assessee was assessed for AY 1958-59 and one of the expenses that was allowed was Rs. 10,494 by way of interest paid. However, in 1967, the ITO issued notice under section 148 for reassessment on the belief that loans shown and the interest paid were not genuine. The credits were in the name of persons known to the name-lenders. The Hon'ble SC held that the live link or close nexus which should be there between the material before the Income Tax Officer in the present case and the belief which he was to form regarding the escapement of the income of the assessee from assessment because of the latter's failure or omission to disclose fully and truly all material facts was missing in the case. The Court also explained the meaning of the term 'reason to believe' and distinguished the same with 'reason to suspect' as under:

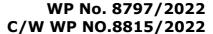




"11. the reasons for the formation of the belief must have a rational connection with or relevant bearing on the formation of the belief. Rational connection postulates that there must be a direct nexus or live link between the material coming to the notice of the Income Tax Officer and the formation of his belief that there has been escapement of the income of the assessee from assessment in the particular year because of his failure to disclose fully and truly all material facts. It is no doubt true that the court cannot go into the sufficiency or adequacy of the material and substitute its own opinion for that of the Income Tax Officer on the point as to whether action should be initiated for reopening assessment. At the same time we have to bear in mind that it is not any and every material, howsoever vague and indefinite or distant, remote and farfetched, which would warrant the formation of the belief relating to escapement of the income of the assessee from assessment. The fact that the words "definite information" which were there in Section 34 of the Act of 1922 at one time before its amendment in 1948 are not there in Section 147 of the Act of 1961 would not lead to the conclusion that action can now be taken assessment for reopenina even if indefinite, information is wholly vague, farfetched and remote. The reason for the formation of the belief must be held in good faith and should not be a mere pretence.

12. The powers of the Income Tax Officer to reopen assessment though wide are not plenary. The words of the statute are "reason to believe" and not "reason to suspect" The reopening of the assessment after the lapse of many years is a serious matter. The Act, no

- 23 -



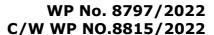


doubt, contemplates the reopening of the assessment if grounds exist for believing that of the assessee has assessment. The underlying reason for that is that instances of concealed income or other income escaping assessment in a large number of cases come to the notice of the Income Tax Authorities after the assessment has been completed. The provisions of the Act in this respect depart from the normal rule that there should be, subject to right of appeal and revision, finality about orders made in judicial and quasi-judicial proceedings. It is, therefore, essential that before such action is taken the requirements of the law should be satisfied."

(iv) JINDAL PHOTO FILMS LTD vs DCIT 1998 SCC

OnLine DEL 401: In this case, the assessee had claimed investment allowance under section 32A of the IT Act, 1961. The said claim was disallowed by the AO who passed an order making additions. The assessee filed an appeal against the order of the AO, wherein the CIT (A) observed that no deduction under section 32A is permissible but the assessee is free to claim deduction under section 80I. The assessee claimed the deduction under section 80I including for the subsequent years. However, the AO issued notice under Section 147/148 proposing to reopen the assessments on the grounds of

- 24 -

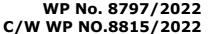




the income having escaped assessment. The High Court set aside the reassessment notice by holding that though the AO used the phrase 'reason to believe' in his order, admittedly, between the date of orders of assessment sought to be reopened and the date of forming of opinion by the ITO nothing new has happened. There is no change of law. No new material has come on record. No information has been received. It is merely a fresh application of mind by the same Assessing Officer to the same set of facts.

PRIVATE LIMITED Vs ACIT 2021 (5) TMI 486 - MADRAS HIGH COURT: In this case, the assesse had filed a Return of Income claiming deduction under Section 10A and 10AA of the Act and by making a full disclosure in relation to the deduction claimed under the provisions of Section 10AA. The assessment order under section 143(3) was also passed and the claim of deduction under section 10A was allowed. Later, the AO issued a notice under

- 25 -





section 148 for re-assessment on the ground that the assessee has claimed excess deduction under section 10A. The High Court held that the provisions of Section 147 prescribe a limitation of four years normally, extended to six years in cases where an order of scrutiny has been passed at the first instance. In addition, the assessee should have defaulted in filing of the Return, or the proceedings for re-assessment should be based on the failure of the petitioner to have made full and true disclosure of income. Since these conditions are not fulfilled, no re-assessment could have been made.

(vi) TRAVANCORE DIAGNOSTICS P. LTD. v. ASST. CIT, 2016 SCC OnLine Ker 20423: An income escaping assessment as provided under section 147, may not be based on the return filed or on the basis of the materials thereunder, but may be the materials independently collected leading to a subjective opinion in the minds of the Assessing Officer that he has reasons to believe that any income has escaped assessment with the only



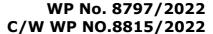
limitation that this shall be done within four years after the completion of assessment.

(b) Post substitution of sections 147/148/148A

(i) SMT. KULWANTI BHATIA CHARITABLE TRUST SOCIETY vs PCIT[2023] 155 taxmann.com 653 (Allahabad): In this case, the Assessee society was registered under section 12AA for claiming exemption under section 11 and the said registration was cancelled. Hence, the assessment order was passed under section 143(3) denying exemption under section 11 and 12 of the Act. Meanwhile, a notice under section 148A(b) was issued on the ground that the total receipt was to be treated as an income of the assessee as per Section 164 as the assessee was not registered under section 12AA. The High Court observed as under:

"The Act does not contemplate any detailed adjudication on the merits of information available with the Assessing Officer at the stage of passing order under section 148A(d). There is a specific purpose for not introducing any further enquiry or adjudication in the statute, on the correctness or otherwise of the information, at this stage. The reason for it is

- 27 -



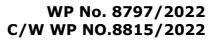


obvious. Under the scheme of the Act a detailed procedure has been provided under Section 148 for issuance of notice whereafter the Assessing Authority has to determine, in the manner specified, whether income has escaped assessment and the defence of assessee, on all permissible grounds, remains open to be pressed at such stage. The ultimate determination made by the Assessing Authority under Section 147 for reassessment otherwise subject to appeal under Section 246-A. Merits of the information referable to Section 148A thus remains subject to the reassessment proceedings initiated vide notice under Section 148. It is for this reason that issues which require determination at the stage reassessment proceedings and in respect of departmental remedy is which otherwise available are not required to be determined at the stage of decision by the assessing authority under Section 148A(d). The scope of decision under Section 148A(d) is limited to the existence or otherwise of information which suggests that income chargeable to tax has escaped assessment".

Accordingly, the Court declined interference with respect to the notice issued under Section 148.

(ii) GANDHIBAGSAHAKARI BANK LTD. vs DCIT [2023] 156 taxmann.com 221 (Bombay): In this case, the return filed by the assessee was scrutinized and an assessment was carried out under section 143(3) of the

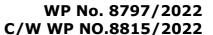
- 28 -





Act. Thereafter, notice under section 148 was issued proposing to undertake reassessment by reopening the earlier completed assessment. Reason provided for reopening of the assessment was by indicating that information was available on the insight Portal-CRIR/VRU High Risk cases for an amount of Rs. 17.99 crores. The said amounts were not reflected by the assessee in its return of income. The High Court quashed the notice under section 148 with the following observations:

"On perusal of the notice dated 31-3-2021 issued under section 148(1) coupled with the reasons assigned by the respondents for seeking to reopen the proceedings it becomes clear that it is on the basis of the information shared on the Insight Portal with regard to high value cash deposits that has prompted the Assessing Officer to have a 'reason to believe' that the said amount in the hands of the petitioner had escaped assessment. Except for stating that information was available on the Insight Portal it has not been indicated in the said reasons as to how there was formation of belief by the Assessing Officer that income had escaped assessment. The reasons supplied do not indicate that any exercise of independent verification thereafter undertaken was resulting consideration of the same with due application of mind by the Assessing Officer so as to reopen the completed assessment."





- (iii) SUBODH AGARWAL vs STATE OF UP [2023] 149 taxmann.com 448 (Allahabad): In this case, during the relevant AY, search proceedings were carried out and an order under section 153A was issued. During the pendency of proceedings, a show cause notice was issued under section 148A(b). The reasons for issuance of notice under section 148A(b) were based on the audit objection. The High Court, after analyzing the provisions of both pre-amendment and post-amendment of section 147, held that w.e.f. 01.04.2022, clause (ii) of Explanation 1 provides the condition that information includes information in the form of audit objection. It was further held that prima facie availability of material is sufficient for reopening of the reassessment proceedings and the sufficiency and correctness of the material is not to be considered at that stage.
- (iv) **IDFC LTD vs DCIT [2023] 155 taxmann.com 602 (Madras)**: In this case, the return filed by the assessee was scrutinized and an order under section

- 30 -

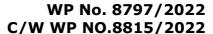
WP No. 8797/2022 C/W WP NO.8815/2022



143(3) was passed. Assessee had also filed an appeal before CIT (A) on such an order of assessment. Later, the AO issued notice under section 148 stating that he had reason to believe that income had escaped assessment as regards disallowance of unrealised loss on foreign exchange. The High Court quashed the notices under section 148 on the ground that there exists no material to show that there was escapement of assessment as the information was already available with the department. Further, the High Court made the following observations with respect to amended provisions of section 148 w.e.f. 01.04.2021:

- "On a conjoint reading of the provisions newly introduced, the new scheme of re-assessment is seen to have incorporated the procedure set out in the judgement of the Supreme Court in GKN Driveshafts (India) Ltd. v. ITO [2002] 125 Taxman 963/[2003] 259 ITR 19, statutorily.
- The respondents argue that the new scheme, with the omission of the phrase 'reason to believe' has done away with the requirement that the officer must establish 'escapement of tax', prima facie, at the stage of assumption of jurisdiction. I do not agree. Such a requirement continues in light of the proviso under section 148 that casts a statutory burden upon the officer to be in

- 31 -

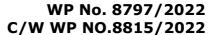




possession of 'information' suggesting that income chargeable to tax has escaped assessment for the year concerned. If the existence of such information is not established even at the initial stage, the foundation of the proceedings stands vitiated in law.

- The raison d'etre of the new provisions is itself to streamline the scheme of re-assessment and induce certainty. The limitation under the old scheme extended upto 10 years and Legislature was of the view that such a long period breeded uncertainty in finalisation of assessments which was undesirable.
- whether, in a situation where all material in regard to the issues in respect of which reassessment is proposed have been placed on record even at the original instance, the assessment has been completed under scrutiny and no new material brought on record to warrant reopening, there could not be any legal justification for re-assessment.
- material already on record and that has undergone scrutiny at the first instance cannot satisfy the statutory condition.
- As on 1-4-2021 the command of the law is to the effect that there must be material indicating the existence of an 'asset' that leads to the inference of escapement of income."
- (F) On a conjoint reading of section 147 and section 148 of the Act, it is clear that the escapement of income is a *sine qua non* for initiating proceedings under section

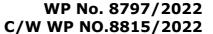
- 32 -





147. Therefore, availability of the 'information which suggests that there is an escapement of income' is a prerequisite for issuing notice under section 148. The argument that omission of phrase 'reason to believe' has gotten away and has given way to "information with the assessing officer which suggests that the income chargeable to tax has escaped assessment" would mean that there should be no need for any reason seems incorrect. The phraseology of amended Section 148 makes in unmistakable terms clear that there should be a concrete information as defined in Explanation 1 to Section 148. Such information should be suggestive of income escaping assessment and such information should be objective in nature. In other words, the arguable subjectivity in the pre-amendment provision is given a goby. For conducting assessment under section 147, there should be not only escapement but also the reason to believe that there is such escapement, the reason being the information itself. Hence, a plausible view could be taken that post-amendment of the provision,

- 33 -

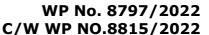




escapement has to be established with concrete information. Section 148A would only assist the Assessing Officer in coming to a conclusion whether such information is good enough to allow a notice to be issued under Section 148. This is how, to my mind, the new provisions should be interpreted so as to make them workable in accord with the intent to achieve the purpose for which statutory change was brought about. An argument to the contrary would hijack the statutory object.

(a) Now, to say that the Assessing Officer can invoke Section 147 without any reason would, apart from being contrary to the aforestated rule of law, also fall foul of Article 14 as he is expected to act reasonably. The requirement to act reasonably being in-built into the amended provision, an act in variance with the same is unsustainable. Therefore, I am of the considered view that the Assessing Officer should have information as defined in Explanation 1 to section 148 that suggests escapement of income and only thereafter, the provisions of Section 148

- 34 -

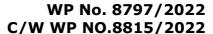




can be invoked. Further, such an exercise should be reasonable and not fanciful or roving as pointed out in ITO vs LAKHMANIMEWAL DAS (1976) 3 SCC 757. Though this decision was rendered long before the amendment to the subject section was effected, its inner voice animates the Division Bench decision of Delhi High Court in DIVYA CAPITAL ONE PRIVATE LIMITEDVS.ACIT [2022] 445 ITR 436 (Del), that has been rendered post-amendment.

(b) If one looks at the reasons given in the notices in question, as also in the impugned orders that followed the said notices, it becomes evident that they merely mention that, information was received in line with the risk management strategy. They do not disclose what kind and content of information it was. While the notice does not state anything more, the annexure to the notice talks of Section 56 and long term capital gains versus short term capital gains. An Assessing Officer functioning under the statute cannot employ jugglery of words in notices of the kind and let the assessee keep guessing why is his assessment being re-opened. The order clearly sets out

- 35 -



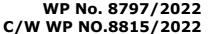


that the Assessees have already disclosed the said transactions in the Return, though arguably they could have been taxed differently. It is very intriguing to note paragraph 3 of the impugned orders issued under Section 148A(d) of the Act which has the following text:

'On going through return of income filed by the assessee for AY 2018-19, it is noticed that the assessee has not disclosed the above transaction and the income there upon in the Return of Income for the relevant AY 2018-19. As per the return of income, the assessee has claimed exempt income of Rs. 298,96,71,235/- as Long Term Capital Gain from sale of shares.

In the similar notice issued to another petitioner, everything is verbatim except the amounts involved. The first sentence in the said paragraph that the Assessee has not disclosed the transactions in question for the Assessment Year 2018-19, is falsified by the second sentence which states that the Assessee has claimed exempt income as long term capital gain from the sale of shares, which manifests the contradiction. Nothing more is necessary to specify as the matter is as apparent as can be. Therefore, this is a clear case of issuing notices based

- 36 -

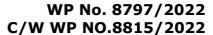




on disclosure in the existing Return of Income filed by the Assessee but on incorrect premise of nondisclosure. There was no new information whatsoever that has come into his domain suggestive of escapement of income.

- (c) It is pertinent to mention that the definition of information given under Explanation I to Section 148 is a 'means definition' as distinguished from 'means and includes definition'. This Explanation enumerates only two [upto 31.3.2022] and five [from 1.4.2022] categories and the information even if it be true, unless is the one relatable to any of these categories, the jurisdiction cannot be assumed by the Assessing Officer. It hardly needs to be stated that where the legislature employs 'means definition', it is exhaustive and therefore, nothing can be added vide *P.KASILINGAM vs.* P.S.G. COLLEGE OF TECHNOLOGY, 1995 Supp (2) SCC 348.
- (d) In the opinion of this court, the term 'information' appearing in Explanation 1 to Section 148 cannot include the return of income filed by the Assessee

- 37 -





as it does not fall within any of the above five categories specified therein. Even the CBDT instructions, though may not be binding on the issue of interpretation, also do not talk of the very Return which has been filed becoming information permitting the Assessing Officer to issue notice under section 148 stating that income has escaped assessment. In fact, based on the returns filed by the petitioners, it was open to the Assessing Officer to undertake a regular assessment under Section 143 if he had felt that there was a wrong claim to exemption or that income should have been taxed differently. To permit the Assessing Officer to state that income has escaped assessment and re-open the same based on the very Return filed by the Assessee who has already disclosed the transaction, would enable him to by-pass the regular assessment procedures; that would virtually render Section 147 to be an enabling provision to make second assessment where the Assessing Officer has missed the bus under Section 143. Such a course of action cannot be permitted as that would go against the very spirit of these

- 38 -

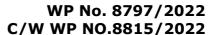




sections and the time limits specified in Section 153. That would militate against the statutory scheme brought about by the amendment of sections 147 & 148; further, that would render the provisions prescribing limitation period under section 153 for assessment/re-assessment, otiose. I am therefore of the opinion that the jurisdictional facts in terms of 'information' as defined under Explanation I to Section 148 which suggests that some income chargeable to tax has escaped assessment itself, were apparently lacking. This threshold having not been met, issuing a notice under Section 148A(b) and passing order under (d) of Section 148A are liable to be voided.

(G) AS TO COMPLIANCE OF SECTION 148A REQUIREMENT:

(i) The next question that would arise is, whether the ingredients of Section 148A of the Act have been scrupulously followed by the Assessing Officer Revenue keeping in mind the objectives of the legislative scheme, that has been re-framed w.e.f. 1.4.2021. This is done by the Parliament with the accumulated experience gained in





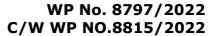
the working of the statute in question with intent to reduce unending litigation that obtained under the erstwhile scheme of Section 147/148. What the Apex Court in **GKN DRIVESHAFTS INDIA LTD v. ITO** (2003) 259 ITR 19 had observed assumes relevance:

"... we clarify that when a notice under section 148 of the Income-tax Act is issued, the proper course of action for the noticee is to file a return and if he so desires, to seek reasons for issuing notices. The Assessing Officer is bound to furnish reasons within a reasonable time. On receipt of reasons, the noticee is entitled to file objections to issuance of notice and the Assessing Officer is bound to dispose of the same by passing a speaking order. In the instant case, as the reasons have been disclosed in these proceedings, the Assessing Officer has to dispose of the objections, if filed, by passing a speaking order, before proceeding with the assessment in respect of the above said five assessment years."

The safeguards which the above observations indicate made their way into legislative amendment that has eventually recast the subject provisions of the Act.

(ii) The newly introduced section 148A of the Act leaves no manner of doubt that before initiating action under Section 148 by issuance of a notice, the Assessee should be given an opportunity of hearing as to why notice

- 40 -





under section 148 should not be issued. In other words, even before a notice for income escaping assessment is made under Section 148, a salutary provision is introduced to consider the reply filed by the Assessee. This ensures that, notices of the kind are not issued in matters where prima facie there is no income that has escaped assessment or for other valid reasons. Further it is made imperative to hear him before an order is passed under Section 148A(d), to assess or not, with adequate reasons. Whatsomore, the order under section 148A(d) requires the prior approval the specified authority. The object of Section 148A is to reduce potential litigation and to ensure that scrupulous assesses are not put to avoidable agony. pre-notice satisfaction significance. Thus, assumes Further, law mandates passing of a reasoned order. One cannot discount serious civil consequences when the Assessee's books are sought to be re-opened. The term 'income escaping assessment' employed in the provisions does show that the threshold namely there is escapement of income would remain intact. What the Apex Court

- 41 -

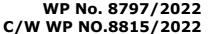


WP No. 8797/2022 C/W WP NO.8815/2022

observed in *SAHARA INDIA FIRM vs. CIT* (2008) 300 ITR 403 as to the requirement of opportunity of hearing being given to the Assessee before special audit is ordered u/s. 142(2A) of the Act, becomes relevant in matters like this too.

- (iii) Referring to what Krishna Iyer, J., in *MOHINDER SINGH GILLVS.THE CHIEF ELECTION COMMISSIONER*, AIR 1978 SC 851, meant by 'Civil Consequence', the court in SAHARA *supra* made the following observations:
 - "21. In the light of the aforenoted legal position, we are in respectful agreement with the decision of this Court in Rajesh Kumar (supra) that an order Section 142 (2A)does entail under consequences... We are convinced that special audit has an altogether different connotation implications from the audit under Section 44AB. Unlike the compulsory audit under Section 44AB, it is not limited to mere production of the books and vouchers before an auditor and verification thereof. It would involve submission of explanation and clarification which may be required by the special auditor on various issues with relevant data, document etc., which, in the normal course, an assessee is required to explain before the Assessing Officer. Therefore, special audit is more or less in the nature of an investigation and in some cases may even turn out to be stigmatic. We are, therefore, of the view that even after the

- 42 -





obligation to pay auditor's fees and incidental expenses has been taken over by the Central Government, civil consequences would still ensure on the passing of an order for special audit."

The impugned orders dated 31.03.2022 passed by the Assessing Officer under Sec. 148A(d) of the Act are bad because, Petitioners' Objections have not been considered. Thus, apart from being in violation of principles of natural justice, the assumption of jurisdiction under Sec. 148 is perverse and unsustainable.

H. AS TO CONTENT AND COMPLIANCES OF THE IMPUGNED NOTICES:

(i) The subject notices issued u/s.148A(b) of the Act have three paragraphs, and of them only one sets out the reasons for re-opening: It says that as per the information available with the department in connection with the scheme of arrangements between Quess Corp Ltd and MISPL, the assesses have been allotted securities for consideration; the same is taxable u/s. 56(2)(x)(c); since the shares are sold before 31.3.2018, there is a case of short term capital gains liable to suffer tax. Admittedly, the Assessees had sent detailed replies *inter alia* stating that Sec.56(2)(x)(c) was not invocable; the issue of

- 43 -

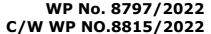




taxability of capital gains would not arise since there is no 'transfer' vide Sec.47; the holding period of shares by the petitioners far exceeds 12 months. The subject notices do not speak of 'round-trip-financing' which according to the Revenue allegedly lacks 'commercial substance and bona fide'. This lacuna was pointed out by the petitioners. The grounds urged in the replies have not been duly discussed. Thus, there is a legal infirmity of great magnitude vide SHRENIK SUDHIR VIMAWALA vs. SCIT in WP 8256 of 2022, 2022(5) TMI 528- GUJ.

Now let me examine the notices in question that have been issued under Section 148A(b): they are rather cryptic. Annexures to the notice have only three paragraphs and only one paragraph sets out the reasons for re-opening. It states that as per the information available with the department, the scheme of arrangements between Quess Corp Ltd and MISPL has resulted allotment of shares taxable under provisions of Section 56(2)(x)(c) and since the shares are sold before 31.3.2018, the same is liable to tax as short

- 44 -

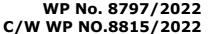




term capital gains. An elaborate reply dated 28.3.2022 had been filed by the Assessees taking up several grounds. It is seen from the reply that the petitioners have challenged applicability of Section 56(2)(x)(c). They have also said that the issue of taxability of capital gains can arise only when there is a 'transfer' and if the same is not a 'transfer' under Section 47, the question of levying capital gains tax would not arise.

(iii) A perusal of the impugned orders issued under Section 148A(d) clearly shows that these contentions of the assesses have not been addressed at all. In fact, at paragraph 6 of the order, non-disclosure of the said transactions has been noted as one reason for re-opening. It is also found that there is a definitive finding that the entire scheme of demergers, merger and amalgamation is done with a sole intention of avoiding tax liability and that the transactions were independently verified to be nothing but 'round trip financing lacking commercial substance and not for bonafide purposes'. This finding is clearly well

- 45 -

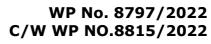




beyond what is contained in the notice issued under Section 148A(b) and could not have been rendered without giving the petitioners adequate opportunity to rebut the assertion. In fact, coming to a definitive conclusion that there is avoidance of tax liability through independent verification but not disclosing the reasons or materials based on which such findings could be rendered and without giving an opportunity to the petitioners to put their case clearly. Thus, there is a gross violation of the principles of natural justice.

(iv) It hardly needs to be stated that the order to be passed under Section 148A(d) cannot transcend the scope of proposal notice under Section 148A(b) inasmuch as such a notice happens to be the foundation on the basis of which such an order can be passed, and not otherwise. That is how the statutory scheme is devised. Definitive conclusions as to grounds that are not indicated in the proposal notice cannot be said to be in line with the scheme and purpose of Section 148A. This apart, non-

- 46 -





Section 47 would make the order also violative of the mandatory requirements of Section 148A. This view is supported by the latest Division Bench decision of Calcutta High Court in **SOMNATH DEALTRADE PRIVATE LIMITED. VERSUS UNION OF INDIA & ORS** [2023]

455 ITR 720 (Cal) wherein it has been observed as under:

"...The assessing officer no doubt has referred to the assessee's reply dated 9th April, 2022 but there is no discussion as to the objection raised by the assessee in their reply. There is no discussion on the documents, which were placed by the assessee along with the reply with soft copies uploaded in the e-proceeding. Though the assessing officer states that "in the light of the discussion and material available on record he was of the opinion that income chargeable to tax has escaped assessment", there is no discussion on any of the materials, which were placed by the assessee along with the reply dated 9th April, 2022. Thus, it can be safely held that the order dated 13th April, 2022 passed under Section 148A(d) of the Act is not sustainable and liable to be set aside.'

A bit earlier, similar view has been taken by the Division Bench decision of Gujarat High Court in **SHRENIK SUDHIR**



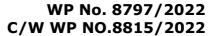
WP No. 8797/2022 C/W WP NO.8815/2022

VIMAWALA vs. ACIT, 2022 (5) TMI 528 - GUJARAT HIGH COURT.

(v) It is true that the Statements of Objections have been filed in these petitions and they are supported by affidavits. Several contentions have been taken up by the respondents supportive of the impugned notices & orders. However, that would not come to their rescue. It hardly needs to be reiterated that the validity of the orders made by the statutory authorities has to be adjudged on the basis of the reasons contained in the womb of these orders; such reasons cannot be supplemented by way of affidavit or otherwise. What the Apex Court said in COMMISSIONER OF POLICE vs. GORDHANDAS BHANJI AIR 1952 SC 16, wherein it was observed as under:

"We are clear that public orders, publicly made, in exercise of a statutory authority cannot be construed in the light of explanations subsequently given by the officer making the order of what he meant, or of what was in his mind, or what he intended to do. Public orders made by public authorities are meant to have public effect and are intended to affect the

- 48 -





acting and conduct of those to whom they are addressed and must be construed objectively with reference to the language used in the order itself.' Referring to said decision, Krishna Iyer J., in MOHINDER GILL supra, has wittily observed: 'Orders are not like old wine becoming better as they grow older."

(I) AS TO WHETHER MATTER MERITS REMAND OR CLOSURE HERE ITSELF:

(i) Both the sides having argued at length have also filed the Written Submissions touching merits of the matter that would belong to the domain of Assessing Officer. There is no need for this court to undertake a deeper examination of the aspects argued at the Bar namely whether the transactions in question amounted to transfer at all in view of section 47(vid) of the 1961 Act which enacts a fiction as to what is not a 'transfer' which otherwise in common parlance would have amounted to. Similarly, it was also debated at the Bar that as to whether the transactions in question were chargeable to income tax under the head 'income from other sources' under section 56(2). In addition, it was also fiercely argued as to whether the subject transactions amounted to short term or long term capital gains.

- 49 -

WP No. 8797/2022 C/W WP NO.8815/2022



(ii) All the above aspects do not merit consideration in view of this court specifically faltering the impugned notices & orders, inter alia on the ground of lack of jurisdictional facts. For the same reason, the matter does not warrant remand; the *lis* should attain finality at the hands of this court itself, all contentions having been argued at the Bar, have duly been considered on merits. Even otherwise, the remand would prove futile.

In the above circumstances, these Writ Petitions having been allowed, a Writ of Certiorari issues quashing the impugned orders both dated 31.3.2022 under Section 148A and also the two impugned notices both dated 31.3.2022 issued by the answering respondent under Section 148 of the Income Tax Act, 1961.

Costs made easy.

Sd/-JUDGE

Snb/Bsv/cbc