

07-05-2026
ct no. 10
Sl. 6
RP

WPA 5424 of 2026

Yashashvi Securities Private Limited

-Versus-

Assistant Commissioner of Income Tax, Central Circle
2(1) and Ors.

Mr. Abhratosh Mazumdar, Sr.Adv,
Mr. Sanjay Bhaumik,
Mr. Soumya Kejriwal,
Ms. Ananya Rath,
Mr. Navin Mittal,
Mr. Debarghya Banerjee

...for the petitioners

Ms. Sanjukta Gupta,
Ms. Sukanya Dutta

...for the respondent.

1. Heard the parties through their respective learned
Counsels.

2. The petitioner in the instant case has challenged
inter alia, the notice dated 4th December, 2024 issued
under Section 148 for the assessment year 2025-26.

3. Apropos the facts of the case, Learned Counsel
appearing for the petitioner submits that the petitioner,
being an assessee, filed the original return for the
assessment year 2015-16 under Section 139(1) of the
Income Tax Act, 1961 (hereinafter referred to as the
Said Act) on 30th September, 2015 declaring the “Nil”
income. Thereafter, scrutiny proceedings have been
initiated and an order under Section 143(3) of the Said
Act has been passed accordingly. In the meantime, on
June 15, 2023 a search and seizure operation under
Section 132 of the said Act has been conducted at the
premises of one Shyam Steel Udyog Private Limited

along with other associated companies including the office premises of the petitioner.

4. Accordingly a notice dated 4th December, 2024 has been issued under Section 148 of the said Act for the assessment year 2015-16 by the respondent income tax authorities.

5. Subsequently, the petitioner filed a return of income on 29th March, 2025 in response to the notice dated 4th December, 2024 issued under Section 148 of the said Act under protest.

6. Subsequently, the notices under Section 143(2) and 142(1) have also been issued by the income tax authorities accordingly.

7. The petitioner filed an objection to the notice dated 1st January, 2026 issued under Section 142(1) of the Said Act and the objection has been rejected by the income tax authorities.

8. Thereafter, the respondent income tax authorities issued show cause notice dated 27.2.2026 which is the subject matter of challenge in the instant case.

9. The learned Senior Counsel appearing for the petitioner submits that the impugned show-cause notice dated 27th February, 2026 has been issued in this regard of the mandate of the first proviso to Section 149(1) of the Said Act.

10. The petitioner relies upon the judgment of the Hon'ble Supreme Court in the case of ***Union of India***

vs. Rajeev Bansal reported in **(2024) 167 taxmann.com 70(SC)** and draws the attention of this Court to Paragraphs 19, 46 and 49. The same one reproduced below:

19. Mr. N. Venkataraman, learned Additional Solicitor General of India, made the following submissions on half of the Revenue:

- a. Parliament enacted TOLA as a free-standing legislation to provide relief and relaxation to both the assesses and the Revenue during the time of COVID 19. TOLA seeks to relax actions and proceedings that could not be completed or complied with within the original time limits specified under the Income-tax Act;
- b. Section 149 of the new regime provides three crucial benefits to the assesses: (I) the four-year time limit for all situations has been reduced to three years; (II) the first proviso to Section 143 ensures that re-assessment for previous assessment years cannot be undertaken beyond six years, and (in) the monetary threshold of Rupees fifty lakhs will apply to the re assessment for previous assessment years;
- c. The relaxations provided under section 3(1) of TOLA apply "notwithstanding anything contained in the specified Act." Section 3(1), therefore, overrides the time limits for issuing a notice under section 148 read with Section 149 of the Income-tax Act.
- d. TOLA does not extend the life of the old regime. It merely provides a relaxation for the completion or compliance of actions following the procedure laid down under the new regime;
- e. The Finance Act 2021 substituted the old regime for re-assessment with a new regime. The first proviso to Section 149 does not expressly bar the application of TOLA. Section 3 of TOLA applies to the entire Income-tax Act, including Sections 149 and 151 of the new regime. Once the first proviso to Section 149(1)(b) is read with TOLA, then all the notices issued between 1 April 2021 and 30 June 2021 pertaining to assessment years 2013-2014, 2014-2015, 2015-2016, 2016-2017, and 2017-2018 will be within the period of limitation as explained in the tabulation below:

Assessme nt Year	Within 3 Years	Expiry of Limitation read with TOLA for (2)	Within six Years	Expiry of Limitation read with TOLA for(4)
(1)	(2)	(3)	(4)	(5)
2013-2014	31-3-2017	TOLA not applicable	31-3-2020	30-6-2021
2014-2015	31-3-2018	TOLA not applicable	31-3-2021	30-6-2021

2015-2016	31-3-2019	TOLA not applicable	31-3-2022	TOLA not applicable
2016-2017	31-3-2020	30-6-2021	31-3-2023	TOLA not applicable
2017-2018	31-3-2021	30-6-2021	31-3-2024	TOLA not applicable

The Revenue concedes that for the assessment year 2015-16, all notices issued on or after 1 April 2021 will have to be dropped as they will not fall for completion during the period prescribed under TOLA:

g. Section 2 of TOLA defines "specified Act" to mean and include the Income-tax Act. The new regime, which came into effect on 1 April 2021, is now part of the Income-tax Act. Therefore, TOLA continues to apply to the Income Tax Act even after 1 April 2021; and

h. Ashish Agarwal (supra) treated Section 148 notices issued by the Revenue between 1 April 2021 and 30 June 2021 as show-cause notices in terms of Section 148A(b). Thereafter, the Revenue Issued notices under section 148 of the new regime between July and August 2022. Invalidation of the Section 148 notices issued under the new regime on the ground that they were issued beyond the time limit specified under the Income-tax Act read with TOLA will completely frustrate the judicial exercise undertaken by this Court in Ashish Agarwal (supra).

46. The ingredients of the proviso could be broken down for analysis as follows: (D no notice under Section 148 of the new regime can be issued at any time for an assessment year beginning on or before 1 April 2021: (ii) if it is barred at the time when the notice is sought to be issued because of the "time limits specified under the provisions of 149(1)(b) of the old regime. Thus, a notice could be issued under section 148 of the new regime for assessment year 2021-2022 and before only if the time limit for issuance of such notice continued to exist under section 149(1)(b) of the old regime.

49. The first proviso to Section 149(1)(b) requires the determination of whether the time limit prescribed under section 149(1)(b) of the old regime continues to exist for the assessment year 2021-2022 and before. Resultantly, a notice under Section 148 of the new regime cannot be issued if the period of six years from the end of the relevant assessment year has expired at the time of issuance of the notice. This also ensures that the new time limit of ten years prescribed under section 149(1)(b) of the new regime applies prospectively. For example, for the assessment year 2012-2013, the ten year period would have expired on 31 March 2023, while the six year period expired on 31 March 2019. Without the proviso to Section 149(1)(b) of the new regime, the Revenue could have had the power to reopen assessments for the year 2012-2013 if the escaped assessment amounted to Rupees fifty lakhs or more. The

proviso limits the retrospective operation of Section 149(1)(b) to protect the interests of the assessee.

11. It is further submitted that the first proviso to Section 149 (1)(b) of the Said Act, as substituted by the Finance Act, 2021 clearly envisages that, for a relevant assessment year prior to 1st April, 2021, no notice under Section 148 of the said Act could be issued if such notice has already become barred by limitation under Section 149(1) (b) as it stood immediately before the commencement of the Finance Act, 2021. It is contended that the purported proceedings are therefore arbitrary, erroneous, illegal, invalid, non-est, without jurisdiction and barred by limitation.

12. Learned Counsel further relies upon the judgment pronounced by the Apex Court in the Case of ***Income Tax Officer, Ward 2(1) Chandigarh & Ors vs. Tej Partap Singh dated 08.04.2025*** to demonstrate that the reassessment proceedings for the assessment year 2015-16 are time barred and have been ordered to be de-tagged from the matters pertaining to different assessment years. The relevant portion of the Apex Court is reproduced below:

“1. At the outset, it is pointed out by Mr. N Venkataraman, the learned Additional Solicitor General of India, that there are some matters (list enclosed), which pertain to the assessment year 2015-2016 and, thus, reassessment in such matters is time-barred. He seeks and is granted two weeks' time to verify the stand taken on behalf of the assessee.

2. The matters are, accordingly, ordered to be de-tagged and to be listed on 04.05.2026.

3. If there are other matters of assessment year 2015-2016, learned counsel for the assessee may furnish details of such cases to learned ASG for verification.”

13. The learned Counsel appearing for the respondent income tax authorities with regard to limitation submits that under Section 149(1)(b) notices under Section 148 may be issued up to ten years from the end of the relevant assessment year, where the alleged escapement of income amounts to Rs. 50 lakh or more and is represented in the form of an asset, expenditure, or entry in the books of account, including deposits in bank accounts. It is further submitted that in the present case the assessment year 2015-16 falls within the outer limit of 31st March 2025 and since the notice under Section 148 has been issued on 04.12.2024, the same is well within the statutory period.

14. It is further submitted by learned Counsel appearing for the respondent income tax authorities that reliance is placed on Section 152(3) of the said Act, to demonstrate that the present case falls in the 01.09.2024 regime and by virtue of the said provision inserted by the Finance Act, 2024 the search pertains to the period between 01.04.21 and 31.08.2024. It is submitted that Section 143 provides that that Sections 147 to 151 of the said Act shall apply as they stood immediately before the commencement of the Finance Act, 2024. Consequently, notwithstanding the date of issuance of notice the (04.12.2026) the applicable regime remains the earlier reassessment framework,

and the proceedings have been initiated strictly in accordance with the statutory mandate.

15. The learned Counsel appearing for the respondent authorities seeks extension of time to comply with the terms of the order dated 31.03.2026 by filing a report in response to the allegations made in the writ petition.

16. Such prayer is allowed. The respondent authorities are directed to file an affidavit in opposition to the main writ petition within a period of 4 weeks. Reply if any, within a further period of 2 weeks.

17. Matter to appear on 23.06.2026. In the meantime the respondent authorities are restrained from taking any coercive steps till 30.06.2026.

(Smita Das De, J.)