HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD
(Special Original Jurisdiction)

WEDNESDAY, THE TWENTY SIXTH DAY OF NOVEMBER
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE THE CHIEF JUSTICE APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT PETITION NO: 34486 OF 2025

Between:

M/s. Ramanaidu Charitable Trust, having its registered office at D.No. 8-2-293/825111/6, Ramanaidu Studios, Film Nagar, Jubilee Hills, Hyderabad - 500 096, Telangana represented by its Managing Trustee Sri Daggubati Suresh Babu, S/o. D. Ramanaidu, aged about 67 years, R/o. Hyderabad.

...PETITIONER

AND

1. The Income Tax Officer, Exemption Ward - 1 (3), 2nd Floor, Aayakar Bhawan, Opposite LB Stadium, Basheer Bagh, Hyderabad, Telangana - 500004.
2. Commissioner of Income Tax (Exemptions), Andhra Pradesh, Telangana and Odisha, 2nd Floor, Aayakar Bhawan, Basheer Bagh, Hyderabad 500 004, Telangana.
3. Assessment Unit, National Faceless Assessment Centre, Income Tax Department, Ministry of Finance, Room No. 401, 2nd Floor, E-Ramp, Jawaharlal Nehru Stadium, Delhi - 110 003.

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue a Writ, order or direction more particularly one in the nature of writ of Mandamus declaring- (i) the order dated 28/10/2025 bearing DIN No. ITBA/COM/F/17/2025 -26/1082060537(1) passed by Respondent No. 1 for the AY- 2015- 16 rejecting the rectification application dated 20/03/2024 filed by the Petitioner as arbitrary, illegal, barred by limitation, and consequently quash the same as unsustainable in law.

IA NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the recovery of demand raised pursuant to the order dated 28/10/2025 bearing No. ITBA/COM/F/17/2025- 26/1082060537(1) passed by Respondent No. 1 for the AY- 2015-1 6.

Counsel for the Petitioner : SRI C.P.RAMASWAMI

Counsel for the Respondents: SRI VIJHAY K. PUNNA, (SENIOR SC FOR ITD)

The Court made the following: ORDER

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH

AND

THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

Writ Petition No.34486 of 2025

Order:

Heard Mr. C.P.Ramaswami, learned counsel for the petitioner and Mr. Vijhay K. Punna, learned Senior Standing Counsel for the Income Tax Department appearing for the respondents.

2. The instant Writ Petition relates to the reassessment proceedings of the petitioner-Trust for the assessment year 2015-16. Petitioner's return of income as 'NIL' for the same assessment year was accepted earlier, but it was reopened after the Commissioner of Income Tax (Exemption), Hyderabad, passed order dated 31.03.2021 (P.14), under Section 263 of the Income Tax Act, 1961 (for short 'the Act'). Thereafter, upon reassessment under Section 143(3) r/w Section 263 r/w Section 144B of the Act, an amount of Rs.72,06,688/- was treated as business

income *vide* order dated 26.03.2022 (P.18). However, the assessing officer undertook *suo motu* rectification, after inviting objections from the petitioner and passed the rectification order dated 12.07.2023, under Section 154 of the Act, raising a demand of Rs.40,97,433/- (P.22). Though the petitioner claims that it had not received the rectification order, which is contrary to CBDT Instruction No.2/2016 dated 15.02.2016, on a perusal of the petitioner's application for rectification, made on 25.01.2024 (Annexure P.24), it is evident that it was in receipt of the order under Section 154 of the Act dated 12.07.2023 delivered on 30.12.2023 at 15:09 hours. However, the said application was rejected by order dated 23.02.2024 (P.25). Another rectification application preferred by the petitioner thereafter on 20.03.2024, stood rejected by respondent No.1- Income Tax Officer, Exemptions Ward-1(3), Hyderabad, by the impugned order dated 28.10.2025. While doing so, respondent No.1 also requested the petitioner/assessee to pay the demand of Rs.40,97,433/- by 05.11.2025.

3. Petitioner has assailed the impugned order on the ground that it has been passed beyond six months period prescribed under Section 154(8) of the Act. Therefore, it is time barred. A time barred order would amount to effacing any liability assessed as against the petitioner by way of reassessment proceedings upon remand by the Commissioner of Income Tax (Exemption), Hyderabad, under Section 263 of the Act and after *suo motu* rectification order dated 12.07.2023, passed under Section 154 of the Act, by the assessing officer imposing the liability of Rs.40,97,433/-.

4. Learned counsel for the petitioner relied upon a decision of the Apex Court in **Commissioner of Income-Tax v. Shelly Products and another**[1].

5. A perusal of the said decision shows that it is in the context of failure to make an order of assessment after the earlier assessment was set aside or nullified in appropriate proceedings. If the assessing officer could not make a fresh assessment in accordance with the provisions of the Act, it amounts to deemed acceptance of the return of the income furnished by the assessee. In that case, the assessing officer could not trace the demand for payment of further taxes. The case at hand is on a different point. Here, upon reassessment and *suo motu* rectification by the assessing officer, demand of Rs.40,97,433/- has been raised *vide* order dated 12.07.2023. The passing of an order on the rectification application of the petitioner

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[1] (2003) 261 ITR 367

dated 20.03.2024 beyond six months period could in no way efface the liability created by a proper reassessment order, followed by a rectification order passed by the assessing officer *suo motu*.

6. Learned counsel for the petitioner has then placed reliance on the decision of the Allahabad High Court in **Sultan Leather Finishers Pvt. Ltd. V. Assistant Commissioner of Income Tax**[2] on the point that when the assessee had moved application for rectification under Section 154 of the Act and the matter was pending, the recovery proceedings could not be taken. On bare facts itself, this decision does not apply to the present case as no rectification applications were pending as against the petitioner.

7. Learned counsel for the petitioner has further relied upon a decision of the Gujarat High Court in **Laxmiben**

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2 (1991) 191 ITR 179 (All.)

Hemdas Patel v. S.B.Rohtagi, Income-Tax Officer[3]. He sought to draw the attention of the Court to the meaning of the phrase "other proceedings" used in Section 240 of the Act. Section 240 of the Act provides for refund on appeal *etc.* Under Section 240 of the Act, if any amount becomes due to the assessee, as a result of an order passed in appeal or other proceedings under the Act, the assessing officer shall, except otherwise provided in the Act, refund the amount to the assessee without his having to make any claim on that ground.

8. In the present case, even if the application for rectification preferred by the petitioner is treated as "other proceedings", the said proceedings were not pending. It had been disposed of by an order, which is impugned in the instant Writ Petition as being time barred. In any case, the failure of the assessing officer to pass an order on the

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[3] (1994) 209 ITR 267 (GUJ)

rectification application, within six months, in our opinion, would not absolve the petitioner of his liability created under the reassessment order as rectified by the *suo motu* order dated 12.07.2023, passed under Section 154 of the Act. Repeated filing of rectification applications in itself does not amount to absolving the liability created on the assessee under proper assessment order. Therefore, we do not find any merit in the instant Writ Petition.

9. The instant Writ Petition is, accordingly, dismissed. No costs.

As a sequel, miscellaneous petitions, pending if any, stand closed.

SD/-T. SRINIVASA REDDY
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. One CC to SRI C.P.RAMASWAMI, Advocate. [OPUC]
2. One CC to SRI VIJHAY K. PUNNA (SENIOR SC FOR ITD). [OPUC]
3. Two CD Copies.

BSK PA
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HIGH COURT

DATED:26/11/2025

ORDER

WP.No.34486 of 2025

DISMISSING THE WRIT PETITION
WITHOUT COSTS

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8/12/25