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

THURSDAY, THE NINETEENTH DAY OF FEBRUARY
TWO THOUSAND AND TWENTY SIX

PRESENT

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

WRIT PETITION NO: 3716 OF 2026

Between:

The ICFAI Society, 52, Nagarjuna Hills, Punjagutta, Hyderabad - 500082, Telangana, PAN. AAAJT0214B Represented by its Authorised Signatory M.Taraka Srinivasa Rao

...PETITIONER

AND

1. Union of India, Represented by its Secretary, Ministry of Finance, Department of Revenue, New Delhi.
2. The Assessing Officer, National Faceless Assessment Centre, Income Tax Department.
3. The Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Income Tax Department, New Delhi.
4. The Assistant Commissioner of Income Tax (Exemptions), Hyderabad.
5. Commissioner of Income Tax (Exemption), Hyderabad, Aaykar Bhawan, Opposite LB Stadium, Basheer Bagh, Hyderabad - 500004

...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 an appropriate writ, order or direction, more particularly in the nature of a Writ of Certiorari, calling for records and quashing the assessment order dated 06.01.2026 for AY 2015-16 u/s 143(3) of the Income Tax Act, 1961 issued by Respondent No.2 bearing DIN ITBA/ AST/S/143(3)/ 2025-26/ 1084485002(1) as illegal, arbitrary, highhanded and violative of principles of natural justice.

IA NO: 2 OF 2026

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 all further proceedings, including recovery proceedings pursuant to assessment order dated 06.01.2026 for AY 2015-16 u/s 143(3) of the Income Tax Act, 1961 issued by Respondent No.2 bearing DIN ITBA/AST/S/143(3)/2025-26/1084485C02(1).

Counsel for the Petitioner: SRI S.RAVI, SENIOR COUNSEL FOR SRI KAILASH NATH P S S
Counsel for the Respondent No.1: SRI N.BHUJANGA RAO, Deputy Solicitor General of India
Counsel for the Respondent Nos.2 TO 5: SRI VIJHAY K.PUNNA, SENIOR SC FOR ITD

The Court made the following: ORDER

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

The Hon'ble The Chief Justice Sri Aparesh Kumar Singh

and

The Hon'ble Sri Justice G.M.Mohiuddin

Writ Petition No.3716 of 2026

Dated: 19.02.2026

Between:

The ICFAI Society,
52, Nagarjuna Hills,
Punjagutta, Hyderabad
Rep. by its Authorised Signatory
M.Taraka Srinivasa Rao

...Petitioner

and

Union of India
Rep. by its Secretary,
Ministry of Finance, Department of Revenue,
New Delhi and 4 others.

...Respondents

Order:

Heard Mr. S.Ravi, learned Senior Counsel appearing for Mr. Kailashnath.P.S.S., learned counsel for the petitioner and Mr. Vijhay K.Punna, learned Senior Standing Counsel for Income Tax Department appearing for respondents No.2 to 5.

2 The Assessment Order dated 06.01.2026, passed by respondent No.2-Assessing Officer, National Faceless Assessment Centre, for the assessment year 2015-16 has been assailed by the petitioner-Society in this Writ Petition, on the grounds of denial of opportunity to submit reply to the show cause notice dated 09.12.2025, issued by respondent No.5-Commissioner of Income Tax (Exemption), Hyderabad, under Section

143(3) of the Income Tax Act, 1961, and also disallowance of exemption under Section 10(23C)(vi) of the Act.

3. It is the case of the petitioner that earlier the assessment order dated 29.12.2017, passed under Section 143(3) of the Act, for the same assessment year 2015-16, was subjected to appeal before respondent No.3, who dismissed the same by order dated 31.10.2023. However, in the further appeal preferred before the Income Tax Appellate Tribunal (ITAT), by Order dated 30.07.2024, the assessment order dated 29.12.2017 was set aside and the matter was remanded to respondent No.2- Assessing Officer for fresh consideration with a direction to the petitioner/assessee to furnish all the details/documents to prove that its activities are not commercial in nature and are interlinked with the imparting of education.

4. In the meantime, order dated 30.09.2024 came to be passed by respondent No.4- Commissioner of Income-tax (Exemptions), Hyderabad, whereby the proposal for initiation of cancellation proceedings in respect of the registration granted under 15th proviso to Section 10(23C) of the Act was dropped.

5. Learned counsel for the petitioner submitted that in pursuance of remand by the ITAT, respondent No.2 initiated proceedings by issuing notice dated 23.05.2025 under Section 142(1) of the Act and subsequent notice under Section 143(3) of the Act on 09.12.2025, which was digitally signed on 10.12.2025, giving time till 13.12.2025 for filing reply. As the

petitioner's requests for further time on the scheduled dates of personal hearing were not acceded to, he uploaded his reply on the Income Tax Grievance Cell on 29.12.2025, but the same has also not been taken into consideration while passing the impugned order of assessment dated 06.01.2026. Learned counsel submits that the last date for passing the assessment order after remand by the ITAT is 31.03.2026. The petitioner has assailed the impugned assessment order dated 06.01.2026, stating that if reply to the show cause notice is taken into consideration by the assessing officer, its grievance would be met.

6. The matter was adjourned on 09.02.2026 to enable the learned Standing Counsel for Income Tax Department to obtain instructions.

7. Today, learned Standing Counsel for Income Tax Department has placed before this Court, the Standard Operating Procedure (SOP) for Assessment Unit, Verification Unit, Technical Unit and Review Unit under the faceless assessment provisions of Section 144B of the Act, dated 03.08.2022. He has drawn the attention of this Court to the SOP prescribed in the process of assessment, relevant portion of which is extracted hereunder:

> N.1 Show Cause Notice (SCN) shall be issued in the prescribed format (Annexure AU-7), in all cases where any variation prejudicial to the assessee is proposed –
>
> N.1.1 SCN shall be drafted after conduct of all necessary enquiry/verification and collection of relevant information.
>
> N.1.2 SCN should contain:
>
> N.1.2.1 Complete description of the issues involved;

N.1.2.2 Details of dates of all notices/opportunities given;

N.1.2.3 details of dates of compliance/non-compliance of the assessee;

N.1.2.4 Summary of all submissions of the assessee, to demonstrably reflect application of mind and consideration of all submissions;

N.1.2.5 Specific Information /material proposed to be used against the assessee;

N.1.2.6 Variations proposed on the basis of reasonable inferences drawn.

N.1.3 To ensure adherence to the principles of natural justice and reasonable opportunity to the assessee, timelines to be given for obtaining response to the SCN shall be:

N.1.3.1 Response time of 7 days from the issue of SCN.

N.1.3.2 Response time of 7 days may be curtailed, keeping in view the limitation date for completing the assessment.

8. Learned Standing Counsel for the Income Tax Department has also drawn the attention of the Court to Para 2 of the assessment order dated 06.01.2026, which contains the details of opportunities given to the assessee after intimation for completion of assessment in accordance with Section 144B of the Act. He submits that the petitioner kept on seeking adjournments in pursuance of the notices dated 23.05.2025 and 29.10.2025 issued under Section 142(1) of the Act, which were granted on 16.06.2025 and 04.11.2025. The petitioner did not furnish any reply or details/particulars called for. Therefore, the notice dated 09.12.2025 was issued under Section 143 of the Act. He submits that Clause N.1.3.2 of the SOP empowers the Assessing Officer to give 7 days' response time. Since the petitioner had taken number of adjournments in pursuance of the notice under Section 142(1) of the Act without furnishing relevant details/particulars, the assessing officer, in order to meet the limitation for

passing the assessment order by 31.03.2026, in his discretion gave three days' time to file the reply by 13.12.2025. He submits that the petitioner made a request for adjournment during virtual hearing scheduled on 23.12.2025. These facts show that the petitioner himself was responsible for causing delay in the conduct of the proceedings. In such circumstances, this Court may, in exercise of discretionary jurisdiction, refuse to interfere in the assessment order. Otherwise, the petitioner has adequate remedy of appeal.

9. Learned Senior Counsel appearing for the petitioner submits that the plea of the Income Tax Department that the time limit can be curtailed in order to meet the limitation for completing the assessment is not a factor in the present case as the limitation for passing the assessment order was going to expire after three months on 31.03.2026. It is further submitted that though the reply of the petitioner was submitted on 29.12.2025, by uploading it in the Income Tax Grievance Cell, as the option for submitting reply to show cause notice has been disabled on the portal, the same has not been taken into account in the impugned assessment Order passed on 06.01.2026. The Assessing Officer was, therefore, under no pressure of meeting the deadline of limitation in restricting the time to file reply to 2 to 3 days only after issuance of notice under Section 143(3) of the Act on 09.12.2025. It is submitted that therefore, the impugned assessment order suffers from violation of principles of natural justice and lack of sufficient opportunity to the assessee to furnish reply against the proposed

assessment. The impugned assessment order may, therefore, be set aside and the matter may be remanded to the assessing authority to consider his reply and pass a fresh order in accordance with law within the limitation period *i.e.*, 31.03.2026.

10. Upon consideration of rival submissions of learned counsel for the parties and taking into account the material facts in the foregoing part of the order, we are of the opinion that even as per the SOP dated 03.08.2022, the Assessing Officer had no justification to curtail the response time seven days from the date of issuance of the show cause notice *i.e.*, 09.12.2025 for a period of three days only when the limitation for passing the assessment order was going to expire on 31.03.2026. The assessing officer has, while passing the impugned order of assessment on 06.01.2026, much after the period for filing of reply has also not taken into account the reply furnished by the petitioner through the Income Tax Grievance Cell on 29.12.2025. In such circumstances, the fact that the petitioner had not responded to the notices under Section 142(1) of the Act earlier issued upon him by the faceless authority and sought adjournment could not be an excuse for the assessing officer to limit the time period for filing reply to the show cause notice under Section 143(1) of the Act to three days when the scrutiny assessment has to be undertaken.

11. In such circumstances, this Court is satisfied that the matter requires to be remanded to the assessing authority for passing fresh order in

accordance with law after taking into account the reply furnished by the petitioner. The impugned assessment order is, accordingly, set aside.

12. Let it be made clear that we have not made any comments on the merits of the case of the parties.

13. The assessing officer would proceed to pass a fresh assessment order in the impugned proceedings under the show cause notice dated 09.12.2025 issued under Section 143(3) of the Act, taking into account, the limitation for passing such order *i.e.,* up to 31.03.2026.

14. Writ Petition is allowed in the manner and to the extent indicated above. No costs.

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

SD/-P.PONNA KRISHNA
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To

1. The Secretary, Union of India, Ministry of Finance, Department of Revenue, New Delhi.
2. The Assessing Officer, National Faceless Assessment Centre, Income Tax Department.
3. The Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Income Tax Department, New Delhi.
4. The Assistant Commissioner of Income Tax (Exemptions), Hyderabad.
5. Commissioner of Income Tax (Exemption), Hyderabad, Aaykar Bhawan, Opposite LB Stadium, Basheer Bagh, Hyderabad - 500004
6. One CC to SRI KAILASH NATH P S S, Advocate [OPUC]
7. One CC to SRI N.BHUJANGA RAO, Deputy Solicitor General of India [OPUC]
8. One CC to SRI VIJHAY K.PUNNA, SENIOR SC FOR ITD [OPUC]
9. Two CD Copies

PSK.
GJP

HIGH COURT

DATED:19/02/2026

ORDER

WP.No.3716 of 2026

HIGH COURT FOR THE STATE OF TELANGANA

03 MAR 2026

ALLOWING THE WRIT PETITION WITHOUT COSTS

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3/3/26