

M.L. Chains v. Principal Commissioner of Income Tax-1 and another

Writ Tax No. 638 of 2022

2023:AHC:163882 | 2023-08-16

The revision order dated 31 March 2022 was quashed and the writ allowed. Costs of Rs. 10,000 were to be deposited by the concerned respondent with the Allahabad High Court Legal Services Committee within one month. Respondents could recover the costs from the erring officer. The matter was to be listed in chambers after three months, by which time a compliance affidavit was to be filed.

263 | 143(3) | 142(1) | 272A(1)(d)

Single Judge | Piyush Agrawal

01 FACTS OF THE CASE

M.L. Chains, a gold-bar and ornament dealer, challenged the revision order dated 31 March 2022 cancelling its assessment dated 22 December 2019 for AY 2017-18. The source records returned income of Rs. 53,91,630. The Section 263 notice was dated 27 March, uploaded on 28 March and received on the hearing date, 29 March 2022. An adjournment request followed that morning.

Source: [PDF pp.1-4, paras.2-3 and 11](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court found no recorded decision on the adjournment request or communicated next hearing date. Unexplained electronic and manual order sheets, disputed signatures, and contradictory statements about whether a reply existed undermined the authority's account. An earlier Section 142(1) response could not substitute for a response to Section 263. The Court found denial of a hearing, invoking Whirlpool, and absence of findings showing prejudice under Explanation II to Section 263, referring to Malabar Industrial.

Source: [PDF pp.4-7, paras.11-20](#)

03 JUDICIAL DECISION

The revision order dated 31 March 2022 was quashed and the writ allowed. Costs of Rs. 10,000 were to be deposited by the concerned respondent with the Allahabad High Court Legal Services Committee within one month. Respondents could recover the costs from the erring officer. The matter was to be listed in chambers after three months, by which time a compliance affidavit was to be filed.

Source: [PDF p.7, paras.21-24](#)

04 OUTCOME / IN WHOSE FAVOUR

The petitioner obtained quashing of the revision order. The Rs. 10,000 costs were payable to the Legal Services Committee, not to the petitioner.

Source: [PDF p.7, paras.21-23](#)

05 AKHB REVIEW POINT

Maintain separate proof of notice delivery, a meaningful hearing opportunity, and the reasons supporting revision. The Court relied on specific record contradictions and absent findings; do not convert counsel's change-of-opinion argument into a separate holding or infer a universal minimum notice period. The judgment gives liberty to recover costs from the erring officer, not an automatic finding that recovery or compliance occurred.

Source: [PDF pp.4-7, paras.11-24](#)

SOURCE & VERIFICATIONSupplied court order - exact individual source bytes verified

Complete supplied 7-page original read and visually inspected; original PDF bytes verified by SHA-256. Only source-identified provisions and assessment years are recorded. No PAN is stated. Subsequent treatment and current law have not been cleared.

Open cited source rendition**STATUTORY SCOPE**

Only source-identified provisions are recorded. No current monetary threshold, current statutory equivalence or 2025 Act applicability is inferred.

LATER TREATMENT

Source checked 2026-10-20. Subsequent proceedings and current precedential treatment have not been comprehensively verified.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from an identified primary report. Independent human review is not represented.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, applicable statutory version and subsequent treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding. No current-law clearance is claimed.