

GFL Limited v. Assessment Unit, Income Tax Department & Anr.

R/Special Civil Application No. 14177 of 2023

R/Special Civil Application No. 14177 of 2023 (Guj HC, decided 22.04.2025) | 2025-04-22

Faceless penalty proceedings under section 271AA(1) read with section 144B(3): order levying Rs. 14,64,82,243 penalty quashed because officer who passed the penalty order was not the officer who heard the assessee via video conferencing; CBDT directed to issue pan-India instructions.

Income-tax Act, 1961: sections 92CA(3), 92D, 144B(3), 271AA(1), 271G and 274 | Faceless Penalty Scheme, 2021 (as amended in 2022)

High Court of Gujarat | 2-judge bench (Division Bench) | Bhargav D. Karia, J. | D. N. Ray, J.

Assessment years: 2018-19

Institutional-hearing rule ('he who hears must decide') enforced in faceless penalty/assessment units; two paragraphs numbered 22

Pages 21 and 22 both print paragraph number '22'. The Division Bench applied Gullapalli Nageswara Rao v. APSRTC and Automotive Tyre Manufacturers Association v. Designated Authority to hold that the exact Assessing/Penalty Officer who conducts the video-conference hearing must pass the order, and impleaded CBDT (Respondent No. 3) to issue instructions.

01 FACTS OF THE CASE

For AY 2018-19, following a TPO adjustment under section 92CA(3) and dropping of section 271G penalty proceedings on 26.09.2022, the Faceless Assessment/Penalty Unit issued show-cause notices under section 271AA(1) for alleged failure to maintain/report international transaction documentation under section 92D. The petitioner attended a video-conference hearing on 13.03.2023 and filed written submissions on 14.03.2023, but on 29.03.2023 a penalty of Rs. 14,64,82,243 was levied under section 271AA(1) by a different officer than the one who had conducted the video hearing.

Source: [Paragraphs 1-6; PDF pp. 1-5](#)

02 DISCUSSION BY THE HON'BLE COURT

Examining section 144B(3) and the Faceless Penalty Scheme, 2021 (as amended in 2022) alongside Gullapalli Nageswara Rao v. APSRTC and Automotive Tyre Manufacturers Association v. Designated Authority, the Division Bench held that personal hearing via video conferencing becomes an empty formality if one officer hears the assessee and a different officer passes the order. The Court directed CBDT (impleaded as Respondent No. 3) to issue instructions to all Assessment and Penalty Units ensuring that the officer who grants the video-conference hearing passes the assessment or penalty order.

Source: [Paragraphs 7-22; PDF pp. 5-21](#)

03 JUDICIAL DECISION

Quashing and setting aside the penalty order dated 29.03.2023 passed under section 271AA(1), the High Court remanded the matter to the Assessment/Penalty Unit to provide a fresh opportunity of hearing and pass a fresh order by the same officer who hears the petitioner via video conference, and made the rule absolute to that extent.

Source: [Paragraph 22; PDF pp. 21-22](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee - Impugned section 271AA(1) penalty order of Rs. 14,64,82,243 quashed and remanded for fresh order by the same officer who conducts video-conference hearing; CBDT directed to issue instructions.

Source: [Paragraph 22; PDF pp. 21-22](#)

05 AKHB REVIEW POINT

AKHB analysis: in faceless assessment or penalty challenges where a change of incumbent occurs inside the Assessment/Penalty Unit between the video-conference hearing and the final order without a fresh hearing, invoke GFL Limited and Gullapalli Nageswara Rao to challenge the order for breach of the rule that the officer who hears must decide.

Source: [Paragraphs 7-22; PDF pp. 5-21](#)

SOURCE & VERIFICATION

[High Court of Gujarat official judgment PDF - AKHB Cloud Repository \(20250422_GJHC240529352023.pdf\)](#)

22-page official High Court of Gujarat judgment PDF (20250422_GJHC240529352023.pdf).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

All 22 physical pages of 20250422_GJHC240529352023.pdf read and verified page-by-page. Original bytes (188,848 bytes) match SHA-256 e1f252fb2ea9ad883ee773cob6b6856ee4a22e21dcb3ecdcbc714cd51b96671e.

STATUTORY SCOPE

Applies sections 144B(3) and 271AA(1) of the Income-tax Act, 1961 and the Faceless Penalty Scheme, 2021 (amended 2022) for AY 2018-19. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-18. Full primary judgment PDF read page-by-page and verified against the AKHB Google Drive repository. Comprehensive subsequent judicial treatment has not been independently verified.

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