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

Penalty remanded because the officer deciding it had not conducted the video hearing.

Income-tax Act,1961: sections 144B(3), 271AA(1), 271G, 274

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

Assessment years: 2018-19

01 FACTS OF THE CASE

For AY 2018-19, GFL challenged a section 271AA(1) penalty of Rs.14,64,82,243 dated 29 March 2023. A video hearing took place on 13 March and further submissions followed on 14 March. The hearing officer went on leave from 17 March; a replacement decided the matter using uploaded notes. Separate section 271G proceedings had earlier been dropped.

Source: PDF pp.2–6, paras 5–6

02 DISCUSSION BY THE HON'BLE COURT

GFL sought a fresh hearing rather than a decision on penalty merits. Its objection to the Assessment Unit's authority was not pressed at this stage. Applying Gullapalli Nageswara Rao and Automotive Tyre Manufacturers Association, the Court held that personal hearing becomes an empty formality where another officer decides. It examined section 144B, section 274 and the amended Faceless Penalty Scheme.

Source: PDF pp.6–20, paras 7–20

03 JUDICIAL DECISION

The Court directed CBDT to instruct Assessment and Penalty Units that the officer providing the video hearing must pass the order. It quashed the penalty and remanded for a fresh hearing and fresh section 271AA(1) order by the same officer who hears GFL.

Source: PDF pp.21–22, paras 21–22 (22 printed twice)

04 OUTCOME / IN WHOSE FAVOUR

Procedural relief for GFL; penalty liability remains for fresh determination. No order as to costs.

Source: PDF p.22, operative para 22

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

A hearing occurred, but before the wrong decision-maker: The defect was the break between hearing and decision, not absence of an invitation to be heard. The replacement officer's access to uploaded notes did not cure it. In a comparable case, the hearing record, officer identity and reassignment chronology are more probative than a general allegation that the faceless process was unfair. (PDF pp.5–12)

Unit continuity does not answer personal hearing: The Court examined the statutory and scheme framework before requiring the individual officer who heard the taxpayer to decide. This makes the institutional direction significant: allocation to the same unit was insufficient when the person exercising judgment changed. The remedy requires a fresh hearing before the eventual decision-maker, rather than simply reissuing the earlier order. (PDF pp.12–22)

Remand leaves the substantive defence alive: The penalty amount was not deleted on its merits. The earlier dropping of section 271G proceedings did not become a holding of immunity under section 271AA, and the challenge to the unit's authority was not pressed. The taxpayer must still address the allegations in the fresh proceedings; this decision supplies a hearing safeguard, not a finding that its transfer-pricing records were adequate. (PDF pp.7–8,22)

Source: PDF pp.5–12

SOURCE & VERIFICATION

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

Complete 22-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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