Adarsh Developers v. Deputy Commissioner of Income Tax, Central Circle 2(1), Bengaluru and National Faceless Assessment Centre

Writ Petition No.1109/2023 (T-IT)

Writ Petition No.1109/2023 (T-IT) (High Court of Karnataka, 2023-12-13) | 2023-12-13

Prescribed authority's scrutiny notice valid for Central Charge case; belated jurisdiction challenge fails.

Income-tax Act,1961: sections 143(2), 143(3), 144B, 124(3), 119, 154, 246A, 270A

High Court of Karnataka | Single Bench | B. M. Shyam Prasad

Assessment years: 2020-21

01 FACTS OF THE CASE

Adarsh Developers challenged its 20 September 2022 assessment and consequential demand and penalty notice. NaFAC's prescribed authority had issued the section 143(2) notice on 29 June 2021; the Central Circle Assessing Officer completed assessment after the firm's responses. An appeal and rectification applications were already pending, with installment-based recovery protection.

Source: PDF pp.2–8, paragraphs 1–6

02 DISCUSSION BY THE HON'BLE COURT

The firm argued that its Central Charge status required the jurisdictional Assessing Officer to issue the notice. The Court examined the post-2016 section 143(2), the 2019 faceless scheme, section 144B and CBDT arrangements. It distinguished the authority to issue the notice from the authority completing assessment and found no inconsistent replacement of the existing arrangement.

Source: PDF pp.31–49, paragraphs 22–39

03 JUDICIAL DECISION

The 13 August 2020 CBDT arrangement continued through section 24 of the General Clauses Act, supported by Fibre Boards. The notice challenge therefore failed. Separately, the Court held that section 124(3)'s restriction was not confined to territorial objections and rejected this challenge after participation and completion of assessment.

Source: PDF pp.43–55, paragraphs 33–44

04 OUTCOME / IN WHOSE FAVOUR

Both framed questions were answered against the firm and the writ was rejected. It was to pursue its appeal; the additions were not adjudicated here. The operative order permits installments due under the Principal Commissioner's order from February 2024, although the preceding reasoning mentions 20 January 2024.

Source: PDF p.56, paragraph 45 and operative order

05 EXPERT COMMENTS

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

Notice and assessment powers differ: Central Charge exclusion from faceless completion did not invalidate the prescribed authority's scrutiny notice. The judgment separates notice issuance from assessment completion. A challenge must address the particular function and authorisation; Central Charge classification alone did not establish invalidity. (PDF pp.31–35, paragraphs 22–26; pp.45–49, paragraphs 35–39)

Continuity depends on compatibility: General Clauses Act section 24 applied because the new scheme retained the essential arrangement without demonstrated inconsistency or contrary direction. The reasoning does not preserve every old instruction indefinitely; compatibility and absence of supersession are central. (PDF pp.43–49, paragraphs 32–39)

Raise jurisdiction objections promptly: The firm participated, underwent assessment and invoked statutory remedies before this writ. Section 124(3) was a separate barrier; the Court rejected its proposed territorial-only limitation. Notice authority and objection deadlines require attention at receipt: a jurisdictional label did not preserve this objection indefinitely. (PDF pp.49–55, paragraphs 40–44)

Merits and installment terms remain separate: The additions remained for the statutory appeal. The payment dates differ within the source: paragraph 45 says 20 January 2024, but the final order permits installments from February 2024. That discrepancy matters when identifying the operative relief. (PDF p.56, paragraph 45 and operative order)

Source: PDF pp.31–35, paragraphs 22–26; pp.45–49, paragraphs 35–39

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 56-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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