Jalandhar Sharma v. Income Tax Officer, Keonjhar Ward, Keonjhar & Others

W.P.(C) No. 15935 of 2024

W.P.(C) No. 15935 of 2024 (Ori HC, decided 19.02.2026) | 2026-02-19

Reassessment set aside for failure to consider the filed reply; remand subject to two-week appearance and automatic revival if the petitioner fails compliance.

Income-tax Act, 1961: sections 147, 144B and 271AAC(1)

High Court of Orissa | 2-judge bench (Division Bench) | Harish Tandon, C.J. | M.S. Raman, J.

Assessment years: 2019-20

Conditional remand with automatic revival

Appear with materials within two weeks from the order. Fresh order is due within two months from date after personal hearing. Failure by the petitioner to comply causes automatic revival of the original assessment and permits demand enforcement.

01 FACTS OF THE CASE

Jalandhar Sharma challenged the 29 February 2024 reassessment under section 147 read with section 144B for AY 2019–20 concerning purchases from allegedly bogus suppliers. Counsel said the filed reply and documents were ignored, a demand of Rs 1,03,57,050 raised, and section 271AAC(1) penalty proceedings initiated. The Court found reply documents in Annexure-3, whereas paragraph 3.5 of the assessment recorded that no reply or documents had been filed after adjournments.

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02 DISCUSSION BY THE HON'BLE COURT

Revenue initially objected that the statutory appeal remedy should be used, but its counsel conceded that the documents had not been considered. The Court relied on GKN Driveshafts, quoted Tin Box Company on hearing at assessment stage, and applied the natural-justice exception discussed in Chhabil Dass Agrawal. It held that the unconsidered response warranted writ intervention despite the appellate remedy.

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03 JUDICIAL DECISION

The assessment order was set aside and the matter remitted. The petitioner must appear within two weeks from the order with its copy and all relevant materials. The authority must consider them and pass a fresh order within two months from date after personal hearing. The Court reserved all merits and left the Assessing Officer free to decide independently according to law.

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04 OUTCOME / IN WHOSE FAVOUR

The writ and pending applications were disposed of with conditional remand. If the petitioner fails to comply with the directions, the impugned assessment revives automatically and the Department may enforce its demand in accordance with law.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

A demonstrable failure to consider the reply justified intervention — The contrast between Annexure-3 and assessment paragraph 3.5, reinforced by Revenue counsel's concession, supplied a concrete natural-justice defect. The Court did not bypass appeal merely because the taxpayer disagreed with the assessment. For a comparable challenge, the filed response and the assessment's treatment of it are the critical records.

The hearing right does not decide whether purchases were genuine — The petitioner's evidence secured reconsideration, not acceptance of the purchases or its jurisdictional argument about turnover. Paragraph 12 expressly leaves the merits open and the Assessing Officer unfettered. The authorities quoted explain procedural intervention; they do not adjudicate the disputed supplier transactions here.

Compliance is integral to retaining the remand benefit — The two-week appearance requirement and automatic-revival clause are material limits on relief. An account of the result as an unconditional deletion of the demand would obscure the consequence of default. The two-month fresh-order period runs from the order's date as stated, not from an assumed later communication.

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SOURCE & VERIFICATION

Original judgment PDF (20260219_ODHC010439272024.pdf)

Reviewed from the complete 7-page official High Court judgment PDF (20260219_ODHC010439272024.pdf, SHA-256: 4c388ec97e36e46040b0290b4e13096054c74054d80568776bcf2bdb38a71718).

All 7 original pages read and visually inspected; all five panels audited.

Open cited source rendition

Primary source verified page-by-page (7 physical pages, 218,566 bytes, SHA-256: 4c388ec97e36e46040b0290b4e13096054c74054d80568776bcf2bdb38a71718). Cloud Google Drive File ID: 1Valn8D3fQG-s2W9jt_u1zrhuVLE01uMk (https://drive.google.com/file/d/1Valn8D3fQG-s2W9jt_u1zrhuVLE01uMk/view).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has 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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