UCWeb Mobile Private Ltd. v. Assessment Unit, Income Tax Department, National Faceless Assessment Centre, New Delhi and others

Civil Writ Petition No. 4329 of 2024

2026:PHHC:108562-DB; CWP No. 4329 of 2024, decided 07.08.2026 | 2026-08-07

Final assessment order passed under section 144C(3) because the eligible assessee inadvertently failed to intimate the AO of timely filed DRP objections set aside where the DRP subsequently issued directions under section 144C(5) and the TPO revised the transfer-pricing order.

Income-tax Act, 1961: sections 92CA, 143, 144B, 144C, 156, 270A and 274

High Court of Punjab and Haryana | 2-judge bench (Division Bench) | Deepak Sibal, J. | Rupinderjit Chahal, J.

Assessment years: 2021-22

Restores proceeding specifically to the stage of section 144C(13)

Because the DRP had already issued its directions on 27.08.2024 and the TPO had revised the TP order on 17.09.2024 during the writ pendency, the proceeding was restored directly to the stage of section 144C(13).

01 FACTS OF THE CASE

For AY 2021-22, the TPO passed an order dated 29.10.2023 under section 92CA(3) proposing a transfer-pricing adjustment of Rs. 60,09,84,289, based on which the AO served a draft assessment order dated 06.11.2023 under section 144C(1). Being an 'eligible assessee' under section 144C(15)(b), UCWeb Mobile Pvt. Ltd. filed timely objections before the Dispute Resolution Panel (DRP) on 06.12.2023 within the 30-day statutory window under section 144C(2), but inadvertently omitted to intimate the objections to the AO under section 144C(2)(b)(ii). Consequently, the AO passed a final assessment order, demand notice, and section 270A penalty notice on 15.12.2023 under section 143(3) read with sections 144B and 144C(3). During the pendency of CWP No. 4329 of 2024 (in which the High Court stayed the final order on 26.02.2024), the DRP issued directions on 27.08.2024 under section 144C(5) partially accepting the assessee's objections, and the TPO passed a revised order dated 17.09.2024 modifying the original TP addition.

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02 DISCUSSION BY THE HON'BLE COURT

Analyzing the scheme of section 144C and agreeing with the Delhi High Court in Pepsico India Holdings Pvt. Ltd. v. Assessment Unit, NFAC, 2023 SCC OnLine Del 7661, the Bombay High Court in Sulzer Pumps India Pvt. Ltd., and the Karnataka High Court in Open Silicon Research Pvt. Ltd. v. Assessment Unit, NFAC, 2023 SCC OnLine Kar 80, the Division Bench held that once an eligible assessee files objections before the DRP within the 30-day period prescribed by section 144C(2), directions issued by the DRP under section 144C(5) are statutorily binding on the AO under section 144C(10) and must be given effect under section 144C(13). Moreover, once the TPO's original order dated 29.10.2023 — which was the sole foundation of the final assessment order dated 15.12.2023 — stood substituted by the TPO's revised order dated 17.09.2024 giving effect to the DRP's directions, allowing the premature final assessment order dated 15.12.2023 to stand would be absurd. The assessee gained nothing from its bona fide lapse in not intimating the AO and could not be prejudiced on that account.

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03 JUDICIAL DECISION

The Punjab and Haryana High Court set aside the final assessment order, notice of demand under section 156, and penalty notice under section 274 read with section 270A, all dated 15.12.2023, restored the matter to the stage of section 144C(13), and directed the Assessing Officer to pass a fresh final assessment order in conformity with the DRP's directions dated 27.08.2024 and the TPO's order dated 17.09.2024.

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04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (UCWeb Mobile Private Ltd.); final assessment order, demand notice, and penalty notice dated 15.12.2023 set aside with direction to pass fresh order under section 144C(13) in line with DRP/TPO orders.

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05 EXPERT COMMENTS

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

Binding directions displaced the earlier basis — Relief rested on more than an overlooked communication. The DRP partially accepted timely objections and the TPO replaced the order that alone supported the Rs.60,09,84,289 addition. Maintaining the old assessment would therefore contradict both the binding directions and its revised factual foundation. This explains restoration directly to section 144C(13), rather than a fresh determination of objections.

A cured lapse is not an optional filing step — Section 144C(2), reproduced by the Court, requires objections before both the DRP and AO. The Court treated this omission as bona fide because the assessee gained nothing from it. Practically, retain proof of timely DRP filing and AO communication; this decision supports relief from the demonstrated lapse, not ignoring the dual filing requirement or extending the objection period.

Fresh assessment still determines the liability — The judgment removes the old assessment, demand and penalty initiation; it does not delete every transfer-pricing adjustment on merits. The AO must give effect to the specific DRP and revised TPO orders. A subsequent computation should be compared with those directions, without treating this remand as a judicial endorsement of any pricing method, revised amount or substantive immunity from tax.

Source: PDF p.6

SOURCE & VERIFICATION

Original judgment PDF (20260807_PHHC010231812024.pdf)

Reviewed from the complete 14-page official High Court judgment PDF (20260807_PHHC010231812024.pdf, SHA-256: 727abec7944cb5849282da01603f8d8d35d126c958899507efc1f555d2d3e9d2).

All 14 original pages read and visually inspected; all five panels audited.

Open cited source rendition

Primary source verified page-by-page (14 physical pages, 178,573 bytes, SHA-256: 727abec7944cb5849282da01603f8d8d35d126c958899507efc1f555d2d3e9d2). Cloud Google Drive File ID: 1uKeVZJ6NiLPpOhcJeL6bVNE8majXibN3 (https://drive.google.com/file/d/1uKeVZJ6NiLPpOhcJeL6bVNE8majXibN3/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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