Cyberabad Citizens Health Services Private Limited v. Deputy Commissioner of Income Tax and another

WP No.20450 of 2024; CNR HBHC010388962024

WP No.20450 of 2024; decided 7 September 2026 | 2026-09-07

PAN mismatch after a documented demerger did not justify reassessment for disclosed income.

Income-tax Act,1961: sections 147, 148, 148A(d), 149

High Court for the State of Telangana | Division Bench | P. Sam Koshy | Narsing Rao Nandikonda

Assessment years: 2019-20

01 FACTS OF THE CASE

Cyberabad Citizens demerged its healthcare business into Artmed Healthcare under an NCLT order dated 8 March 2019 effective 1 April 2017, retaining infrastructure and rental income. Healthcare receipts were disclosed by Artmed, while transitional TDS entries remained against Cyberabad's PAN. After a documented reply, the officer issued a 16 April 2024 section 148A(d) order and section 148 notice, stating that transactions required further verification.

Source: PDF paras 2–10, pp.2–7

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished undisclosed income from income attributed to the wrong PAN during a demerger. The officer acknowledged disclosure but did not engage with the supporting material. Further verification could not substitute for the required satisfaction. Independently, the Court held that the evidence did not reveal escaped income meeting section 149(1)(b)'s threshold, so the extended period was unavailable.

Source: PDF paras 24–29, pp.15–20

03 JUDICIAL DECISION

The 16 April 2024 section 148A(d) order and consequential section 148 notice for AY 2019-20 were set aside on both absence of valid information suggesting escapement and limitation. The question was answered for the petitioner.

Source: PDF para 30, pp.20–21

04 OUTCOME / IN WHOSE FAVOUR

The writ was allowed, pending miscellaneous petitions closed and no costs awarded. The relief concerns these reassessment proceedings on this demerger record; it is not a general immunity for every PAN mismatch or corporate restructuring.

Source: PDF paras 30–32, pp.20–21

05 EXPERT COMMENTS

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

Reconcile the legal transfer with the tax trail: The scheme, appointed date and both companies' returns explained the transitional TDS entries. Merely asserting that another company paid tax would not reproduce that evidence. (PDF paras 5–9 and 25, pp.3–6,15–16)

Identify the defect in the officer's reasoning: Acknowledging disclosure while invoking further verification did not establish escapement. The Court required examination of the explanation and Artmed's records. (PDF paras 26–29, pp.16–20)

Keep the limitation finding tied to the notice: For this 16 April 2024 notice, the Court found no qualifying revelation of escaped income of at leastRs.50 lakh. Its limitation holding does not state current reassessment deadlines. (PDF para 28, pp.18–19)

Read discrepancies without inventing chronology: The source gives differing reply dates:9 April 2024 in facts/reasoning, 10 April 2024 in counsel's submission and 10 October 2024 in Revenue's submission. No reconciliation of those dates is inferred. (PDF paras 9,15,19,27, pp.5,9,11,17)

Source: PDF paras5–9 and25, pp.3–6,15–16

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Original two-page proceedings sheet and complete 21-page separate judgment reviewed together; both originals retained.

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

Open cited source rendition

Court-copy judgment recovered from LiveLaw; docket, date, bench and disposition match the original proceedings sheet.

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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