2026:CGHC:17339-DB

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BABLU RAJENDRA BHANARKAR Digitally signed by BABLU RAJENDRA BHANARKAR Date: 2026.04.17 13:59:17 +0530

HIGH COURT OF CHHATTISGARH AT BILASPUR

WA No. 237 of 2026

Rahul Gupta S/o Pawan Kumar Gupta Aged About 43 Years Mobile- 9039622335, R/o M - 20, Sector - 1, Avanti Vihar, Raipur- 492001 (Chhattisgarh), Chhattisgarh

... Appellant

versus

1 - Income Tax Department Through- Principal Chief Commissioner Of Income Tax Aayakar Bhavan, Civil Lines, Raipur (Chhattisgarh)- 492001, Chhattisgarh

2 - Station House Officer Mahila Thana, Ambikapur District Surguja- 497001

3 - Station House Officer Thana Telibandha, Telibandha Raipur- 492001

... Respondent(s)

For Appellant(s)	:	Mr. Rahul Gupta, Appellant in person
For Respondent No.1	:	Mr. Ajay Kumrani, Advocate
For Respondent Nos.2 and 3	:	Mr. Praveen Das, Additional Advocate General

Hon'ble Shri Ramesh Sinha, Chief Justice

Hon'ble Shri Ravindra Kumar Agrawal, Judge

Judgment on Board

***Per* Ramesh Sinha, Chief Justice**

16.04.2026

1. Heard appellant Mr. Rahul Gupta in person as well as Mr. Ajay Kumrani, learned counsel, appearing for respondent No.1 and Mr. Praveen Das, learned Additional Advocate General, appearing for the respondent Nos.2 and 3.

2. This writ appeal is presented against the order dated 07.01.2026 ***(Rahul Gupta vs. Income Tax Department and others)*** passed by the learned Single Judge in WPC No. 3084 of 2025, whereby, the writ petition filed by appellant herein was dismissed by the learned Single Judge.

3. Brief facts of the case is that the appellant filed a writ petition invoking Articles 14, 19(1)(a), 21, 261 and 265 of the Constitution seeking enforcement of statutory duties against alleged tax evasion based on judicially admitted unaccounted cash transactions of approximately ₹1.80 crores, supported by an FIR, sworn testimony before the Family Court, and affidavits reflecting disproportionate declared assets; despite submission of a detailed Tax Evasion Petition (TEP) dated 13.02.2023 along with supplementary materials and RTI applications revealing absence of action or inter-agency coordination, Respondent No. 1 rejected the complaint on 22.08.2025 solely on the ground of limitation under Section 148 of the Income Tax Act, 1961 without initiating inquiry under relevant provisions such as Sections 68, 69, 69A–

69C or exercising investigative powers, and the Learned Single Judge, by order dated 07.01.2026 in WPC/3084/2025, dismissed the writ petition without addressing the distinction between reassessment and independent investigation/prosecution or the continuing nature of unexplained assets, leading the Appellant to prefer the present appeal on the ground that such inaction permits ongoing violation of tax laws and loss to public revenue. Being aggrieved by the same, the appellant filed WPC No.3084 of 2025, whereby, the petition filed by the appellant herein / writ petitioner was dismissed vide order dated 07.01.2026. Hence, the present writ appeal.

4. Learned counsel for the appellant submits that the impugned judgment suffers from a jurisdictional error and is a non-speaking, mechanical order, having failed to consider the detailed pleadings, statutory provisions, and binding precedents governing the field, thereby rendering it unsustainable in law. Learned Single Judge erroneously treated limitation under Section 148 of the Income Tax Act, 1961 as a complete bar, ignoring the settled position that reassessment proceedings are distinct from and do not control investigation, penalty, or prosecution under Chapters XXI and XXII of the Act. It is well established through authoritative pronouncements such as **Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan, (2010) 9 SCC 496, P. Jayappan v. S.K. Perumal, (1984) 149 ITR 696, and K.C. Builders v. ACIT, (2004) 265 ITR 562 (SC)** that prosecution for tax evasion is independent of

assessment proceedings and can proceed notwithstanding their initiation or limitation, particularly in cases involving admitted unaccounted cash transactions. He further submits that the impugned action fails to appreciate that tax evasion constitutes a serious economic offence, to which limitation does not apply by virtue of the Economic Offences (Inapplicability of Limitation) Act, 1974, and that the Income Tax Department itself has consistently maintained before judicial forums that prosecution is not dependent on assessment proceedings, as seen in **Srinidhi Karti Chidambaram v. DDIT (Crl.O.P.Nos.22136 of 2019, decided on 11-12-2020 by Madras High Court)**. The continued possession, enjoyment, and investment of unexplained assets give rise to a continuing offence and recurring cause of action, attracting Sections 69 to 69C annually, as recognized in **State of Bihar v. Deokaran Nenshi, (1972) 2 SCC 890 and Maya Rani Punj v. CIT, (1986) 157 ITR 330 (SC)**. Further, repeal of the Wealth-tax Act, 1957 does not extinguish accrued liabilities or pending investigations in view of Section 6 of the General Clauses Act, as affirmed in **Rayala Corporation v. Director of Enforcement, AIR 1970 SC 494** and **Kolhapur Canesugar Works Ltd. v. Union of India, (2000) 2 SCC 536**. He also submits that the impugned judgment overlooks that judicial admissions made in FIR, sworn testimony, and affidavits constitute substantive evidence triggering a mandatory duty upon authorities to investigate, and such power, being coupled with duty, is enforceable by writ of mandamus as

held in **Comptroller and Auditor General v. K.S. Jagannathan, (1986) 2 SCC 679**. The failure to act despite credible material, coupled with lack of inter-agency coordination, is arbitrary and violative of Articles 14, 21, 261 and 265 of the Constitution. The Learned Single Judge further erred in relegating the Appellant to alternate remedies, ignoring that the issue pertains to protection of public revenue and enforcement of statutory obligations, and in disregarding binding directions such as in **RBANMS Educational Institution v. B. Gunashekar, 2025 INSC 490** mandating action on high-value cash transactions, thereby permitting continuation of economic offences and causing ongoing loss to the public exchequer.

5. On the other hand, learned counsel for appearing for respondent No.1 opposes the submissions made by learned counsel for the appellant and submits that learned Single Judge after considering all the aspects of the matter has rightly dismissed the writ petition filed by the writ petitioner / appellant herein, in which no interference is called for.

6. We have heard learned counsel for the parties and perused the impugned order and other documents appended with writ appeal.

7. From perusal of the impugned order, it transpires that the learned Single Judge has dismissed the writ petition holding that in view of the facts of the case and the nature of relief sought, no writ of mandamus could be issued to the respondents at this stage.

Learned Single Judge, without entering into the merits of the allegations or examining the statutory obligations of the authorities, declined to exercise jurisdiction under Article 226 of the Constitution and dismissed the petition. However, the appellant was granted liberty to avail appropriate remedies and raise all permissible defences before the concerned trial Court in the pending criminal proceedings.

8. Considering the submissions advanced by the learned counsel for the parties, perusing the documents appended with writ petition as also with writ appeal and also considering the finding recorded by learned Single Judge while dismissing the writ petition filed by the writ petitioner / appellant herein, we are of the considered opinion that learned Single Judge has not committed any illegality, irregularity or jurisdictional error in the impugned order warranting interference by this Court.

9. Accordingly, the writ appeal being devoid of merit is liable to be and is hereby **dismissed**. No cost(s).

Sd/-

(Ravindra Kumar Agrawal)
Judge

Sd/-

(Ramesh Sinha)
Chief Justice

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