E-Journal

Taxation Latest Case Law
April 2026



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Summary: Goods and Services Tax Case Laws

1. **Can Assignment of Leasehold Rights in Industrial Plot Be Taxed under GST as Supply of Service?**
   Case: Vidarbha Beverages vs. Union of India
   Court: Bombay High Court

- The Bombay High Court held that assignment of leasehold rights in an industrial plot, resulting in complete extinguishment of rights in favour of the assignee, amounts to transfer of benefits arising from immovable property and does not qualify as "supply" under Section 7 of the GST law.

- In the present case, the petitioner held a 95-year transferable lease of an MIDC plot with a factory building and, with prior approval of MIDC, assigned its leasehold rights to a third party. The tax authorities sought to levy GST treating the transaction as supply of services and issued a show cause notice followed by an adjudication order.

- The Court held that the transaction had no nexus with the business of the petitioner and lacked the essential condition of being "in the course or furtherance of business," thereby falling outside the scope of GST. Accordingly, the SCN and adjudication order were quashed.

- The Court further clarified that the transaction was an assignment and not a sub-lease, and could not be artificially classified as "miscellaneous services" taxable at 18%. Such classification was held to be legally untenable, reinforcing that transfer of leasehold rights in immovable property is not exigible to GST.

2. **Can Composite SCN and Order Covering Multiple Years Be Issued under Section 74 Even in Fraud Cases?**
   Case: Bhawana Steel Traders vs. Joint Director, DGGI
   Court: Bombay High Court

- The Bombay High Court held that Section 74 of the CGST/MGST Act does not permit issuance of a single consolidated show cause notice or passing of a composite order covering multiple financial years, even in cases involving allegations of fraud or suppression.

- In the present case, the department issued a consolidated SCN and passed a composite order for FY 2018-19 to 2023-24 alleging fraudulent availment of ITC and suppression of tax liability, which was challenged as being contrary to the statutory scheme.

- The Court held that each financial year constitutes a separate tax period with distinct cause of action, limitation period, and statutory framework, and consolidation of such periods would defeat the scheme of Section 74.

- Accordingly, the impugned SCN and order were quashed, with liberty granted to the department to initiate fresh proceedings by issuing separate, year-wise notices strictly in accordance with law.

3. **Can A Composite SCN Covering Multiple Years Be Issued For Assessment Under GST Law**?
   Case: **Kerala State Self-Financing B.Pharm College Management Association vs. Intelligence Officer**
   Court: **Kerala High Court**

- The Kerala High Court held that issuance of a single composite show cause notice covering multiple assessment years is unsustainable in law and liable to be quashed, as each assessment year requires independent adjudication under the GST framework.

- In the present case, the department issued a composite SCN proposing assessment and penalty for multiple years against the petitioner association of pharmacy colleges, which was challenged as being contrary to settled legal principles and statutory scheme.

- Relying on binding Division Bench judgments, the Court held that such composite proceedings violate the requirement of year-wise assessment and cannot be sustained, thereby setting aside the impugned notice.

- However, liberty was granted to the department to initiate fresh proceedings by issuing separate show cause notices for each relevant financial year, subject to compliance with principles of natural justice and jurisdictional requirements.

4. **Can GST Registration Be Cancelled Retrospectively Without Proper Notice and Reasons**?
   Case: **Bikaner Alloys Ludhiana vs. Union of India**
   Court: **Punjab & Haryana High Court**
   CWP-32745 of 2025 (O & M)

- The Punjab & Haryana High Court held that retrospective cancellation of GST registration is unsustainable where the show cause notice does not propose such action, no supporting material is supplied, and the order passed is non-speaking and devoid of reasons.

- In the present case, the petitioner's registration was cancelled retrospectively despite the SCN only alleging irregular ITC and issuance of invoices without supply, with no mention of retrospective cancellation and without providing any supporting documents or evidence.

- The Court observed that such action violates fundamental principles of natural justice, as the assessee was neither put to notice of the proposed retrospective effect

nor given access to the material relied upon, and the impugned order reflected complete non-application of mind.

- Accordingly, the impugned cancellation order was set aside, with liberty granted to the department to initiate fresh proceedings in accordance with law, including retrospective cancellation, only after issuing proper notice and affording adequate opportunity of hearing.

5. **Can Summary of SCN in DRC-01 Replace A Proper Show Cause Notice Under Section 74 of GST?**
   Case: HRD Commercial Industrial Security Force (P.) Ltd. vs. State of Assam
   Court: Gauhati High Court
   W. P. (C) No. 1122 OF 2026

- The Gauhati High Court held that issuance of only a summary of show cause notice in Form GST DRC-01 cannot substitute the mandatory requirement of a proper show cause notice under Section 74, as the summary is merely supplementary in nature.

- In the present case, the department issued only a DRC-01 summary along with a tax determination statement, without serving a formal SCN or specifying grounds requiring the assessee to show cause, and subsequently passed an order under DRC-07.

- The Court observed that initiation of proceedings without a proper SCN and without granting an opportunity of hearing violates Section 74 read with Section 75(4) and principles of natural justice, especially when an adverse order is contemplated.

- Accordingly, the impugned order was set aside as invalid, with liberty granted to the department to initiate de novo proceedings in accordance with law by issuing a proper show cause notice and following due process.

6. **Can GST Demand Be Sustained When SCN Is Not Properly Served on Assessee?**
   Case: Srideva Sattva (P.) Ltd. vs. State of Haryana
   Court: Supreme Court of India
   Writ/Appeal No.: Civil Appeal No. 629 of 2026
   Judgment Date: 30.01.2026

- The Supreme Court held that where there is no material on record to establish proper service of show cause notice, any demand confirmed ex parte violates principles of natural justice and cannot be sustained.

- In the present case, the assessee's GST registration was subjected to demand for reversal of ITC through an ex parte order, while the assessee contended that the SCN was never served due to shifting of business premises.

- The Court observed that although the order recorded service of notice, absence of supporting material proving such service vitiated the proceedings, thereby rendering the adjudication legally unsustainable.

- Accordingly, the impugned order was set aside and the matter was remanded with liberty to the assessee to file reply and for the department to pass a fresh order in accordance with law.

7. **Can SLP on Limitation Under Section 107 Survive When GST Registration Is Already Restored?**
   Case: Union of India vs. Rana Engineering
   Court: Supreme Court of India
   Writ/Appeal No.: SLP (Civil) Diary No. 36341 of 2024
   Judgment Date: 02.04.2026

- The Supreme Court held that where GST registration has already been restored during pendency of proceedings, the SLP challenging limitation under Section 107 becomes infructuous and is liable to be dismissed.

- In the present case, the assessee's registration was cancelled for non-filing of returns and the appeal was dismissed as time-barred, though the High Court held that delay up to seven months could be condoned under Section 107.

- During pendency of the SLP, the appellate authority itself revoked the cancellation of registration, thereby rendering the dispute academic and removing the cause of action.

- Accordingly, the SLP was dismissed as infructuous, while the Supreme Court kept the question of law regarding interpretation of limitation under Section 107 open and clarified that the High Court ruling would not be treated as a binding precedent.

8. **Can GST Demand Be Sustained When Only DRC-01 Summary Is Issued Without Proper SCN, Authentication and Hearing?**
   Case: Brahmaputra Tele Productions (P.) Ltd. vs. State of Assam
   Court: Gauhati High Court
   Writ/Appeal No.: WP (C) No. 1270 of 2026
   Judgment Date: 13.03.2026

- The Gauhati High Court held that issuance of only a summary of show cause notice in Form DRC-01, without a proper and independent SCN, does not satisfy the mandatory requirement under Section 73 and renders the entire proceedings invalid.

- In the present case, the department relied on a DRC-01 summary along with an attached tax determination statement (treated as SCN), which was neither a valid show cause notice nor duly authenticated by the Proper Officer.

- The Court further observed that absence of digital/e-sign authentication violated Rule 26(3), and failure to provide an opportunity of hearing (with hearing column marked "NA") breached Section 75(4) and principles of natural justice.

- Accordingly, the impugned demand order was set aside as legally unsustainable, with liberty granted to the department to initiate fresh proceedings in accordance with law after issuing proper SCN, ensuring authentication, and granting opportunity of hearing.

9. **Can Appeal Right Be Denied If Form DRC-07 Is Not Issued After Penalty Payment?**
   Case: Macmet Engineering Ltd. vs. State Tax Officer-III (Intelligence)
   Court: Madras High Court
   Writ/Appeal No.: W.P. No. 19710 of 2025
   Judgment Date: 19.02.2026

- The Madras High Court held that non-issuance of Form GST DRC-07 after passing of penalty order violates Rule 142(5) and effectively curtails the statutory right of appeal of the assessee.

- In the present case, goods were intercepted due to expiry of e-way bill, detained, and later released upon payment of penalty, followed by a detailed order; however, no DRC-07 summary was issued by the department.

- The Court observed that issuance of DRC-07 is mandatory for communicating the final demand and enabling the assessee to exercise appellate remedies, irrespective of whether the penalty has already been paid.

- Accordingly, the department was directed to issue Form GST DRC-07, holding that failure to do so breaches statutory procedure and denies the assessee the right to file appeal.

10. **Can Appellate Authority Dismiss An Appeal Solely for Non-Appearance Without Dealing with Written Submissions?**
    Case: SFC Global Commodity (P.) Ltd. vs. Union of India
    Court: Gujarat High Court
    Writ/Appeal No.: R/Special Civil Application No. 1553 of 2026
    Judgment Date: 13.03.2026

- The Gujarat High Court held that an appellate authority cannot dismiss an appeal solely on the ground of non-appearance without considering the written submissions and grounds raised in the appeal memo.

- In the present case, the assessee had filed detailed grounds in appeal including denial of personal hearing and system-driven delays, however, the appellate authority rejected the appeal merely due to absence during hearing.

- The Court observed that even in absence of the appellant, the authority is duty-bound to pass a reasoned order dealing with all contentions raised, and failure to do so amounts to violation of principles of natural justice.

- Accordingly, the impugned appellate order was quashed and the matter was remanded for fresh adjudication with opportunity of hearing, clarifying that even if the assessee remains absent, the appeal must be decided on merits based on record.

11. **Can DRC-01 Summary and Unauthenticated Notices Replace A Valid Show Cause Notice under GST?**
Case: Arnab Kumar vs. State of Assam
Court: Gauhati High Court
Writ/Appeal No.: WP(C) No. 6904 of 2025
Judgment Date: 09.01.2026

- The Gauhati High Court held that a summary of show cause notice in Form GST DRC-01 along with tax determination attachment cannot substitute a proper show cause notice under Section 73, and such initiation of proceedings is invalid.

- In the present case, only a DRC-01 summary with an attachment showing tax determination was issued without a proper SCN specifying reasons, and the final demand order was passed on the ground that the assessee did not respond.

- The Court further observed that absence of digital/e-sign authentication on notices and attachments renders them ineffective, and non-grant of personal hearing despite specific request violates Section 75(4) and principles of natural justice.

- Accordingly, the impugned order was set aside and the matter remanded, with liberty to the department to initiate fresh proceedings in accordance with law after issuing a proper SCN, ensuring authentication, and granting opportunity of hearing.

12. **Can Section 74 Be Invoked When Tax Is Voluntarily Paid Before Issuance of SCN and No Fraud Exists?**
Case: Apollo Tyres Ltd. vs. Union of India
Court: Madras High Court
Writ/Appeal No.: W.P. No. 20449 of 2024
Judgment Date: 28.11.2025

- The Madras High Court held that proceedings under Section 74 cannot be invoked where tax shortfall was voluntarily disclosed and paid with interest before issuance of show cause notice, and no element of fraud, wilful misstatement, or suppression exists.

- In the present case, due to industry-wide confusion on classification of supply, the assessee voluntarily intimated its intention to pay differential tax and subsequently discharged entire liability with interest even before issuance of SCN.

- The Court observed that absence of mens rea and prior voluntary disclosure negates invocation of Section 74, and at best, the case could fall under Section 73, which also becomes redundant when tax is already paid before notice.

- Accordingly, the show cause notice, adjudication order, and appellate order were quashed, holding that invocation of Section 74 and denial of rectification/ITC were unsustainable in law.

13. **Can Writ Petition Be Maintained When Alternate Appellate Remedy is Available under GST**?
Case: **Manpar Icon Technologies vs**. **Assistant Commissioner**
Court: **Delhi High Court**
Writ/Appeal No.: **W**.**P**. (**C**) **No**. **1993 of 2026**
Judgment Date: **13**.**04**.**2026**

- The Delhi High Court held that where an effective alternate remedy of appeal under Section 107 of the CGST Act is available, a writ petition challenging adjudication order and corrigendum is not maintainable.

- In the present case, the petitioner challenged inclusion of an additional financial year through a corrigendum to SCN, alleging it amounted to fresh proceedings and was time-barred.

- The Court observed that issues relating to validity of corrigendum and scope of rectification under Sections 160 and 161 require factual examination, which cannot be undertaken in writ jurisdiction and must be tested before appellate authority.

- Accordingly, the writ petition was dismissed with liberty to the petitioner to avail statutory remedy of appeal, holding that mere disagreement with adjudication findings is not a ground to bypass alternate remedy.

14. **Can GST Registration Be Cancelled Retrospectively Without Specific SCN and 7 Days' Opportunity**?
Case: **AMC Trade Link vs**. **State of Punjab**
Court: **Punjab** & **Haryana High Court**
Writ/Appeal No.: **CWP No**. **8055 of 2026**
Judgment Date: **01**.**04**.**2026**

- The Punjab & Haryana High Court held that retrospective cancellation of GST registration is invalid where no specific show cause notice proposing such action is issued and mandatory opportunity of at least seven working days is not granted.

- In the present case, the initial SCN only proposed cancellation of registration, and a subsequent notice/e-mail introducing retrospective cancellation was received on the same day the final order was passed, leaving no effective opportunity to respond.

- The Court observed that retrospective cancellation has serious consequences and can be invoked only after issuing a clear and specific SCN along with adequate time to reply as mandated under Rule 22, which was not complied with in the instant case.

- Accordingly, the impugned order cancelling registration with retrospective effect was set aside, with liberty to the department to initiate fresh proceedings in accordance with law after following due process.

15. **Can Entire Voucher Turnover Be Taxed under GST or Only Commission/Fee?**
Case: Neha Piyush Shah vs. Union of India
Court: Bombay High Court
Writ/Appeal No.: Writ Petition No. 4645 of 2024
Judgment Date: 12.03.2026

- The Bombay High Court held that in voucher transactions, GST cannot be levied on the entire turnover of sale and purchase of vouchers, and prima facie only commission or fee earned by the distributor/agent is taxable.

- In the present case, the department raised demand on the entire voucher turnover based on mismatch in financial statements and GST returns, treating vouchers as supply of goods.

- The Court observed that such approach was not in consonance with Circular No. 243/37/2024-GST and settled legal position, which clarifies that vouchers themselves are not supply, and only commission/fee in distribution chain is liable to GST.

- Accordingly, the demand to that extent was set aside and the matter remanded for fresh adjudication, directing reconsideration in light of the circular and legal principles, with opportunity of hearing to the assessee.

16. **Can Authorities Insist on Personal Appearance Despite Right to Representation under GST?**
Case: Nishu vs. Union of India
Court: Calcutta High Court
Writ/Appeal No.: WPA No. 1392 of 2026
Judgment Date: 07.04.2026

- The Calcutta High Court held that authorities cannot insist on personal appearance when Section 116 of the CGST Act permits representation through an authorised representative, including an advocate.

- In the present case, goods and vehicle were detained despite valid documents, and even after four months no seizure order was passed, while authorities repeatedly insisted on personal appearance of the petitioner.

- The Court observed that such insistence was unjustified, especially when ownership could be determined from documents, and failure to proceed in time violated statutory scheme.

- Accordingly, directions were issued to permit representation through advocate, fix hearing, and allow release of goods and vehicle upon payment under Section 129(1)(a), with liberty to challenge further proceedings.

17. **Can General Penalty u/s 125 Be Levied Along with Late Fee u/s 47(2) for Failure to File Annual Return**?
Case: **Kalanther Madeena Textiles vs. Deputy Commissioner (CT)**
Court: **Madras High Court**
Judgment Date: **04.02.2026**

- The Madras High Court held that once late fee under Section 47(2) is levied for failure to file annual return, simultaneous imposition of general penalty under Section 125 for the same default is impermissible.

- In the present case, the assessee failed to file annual return in Form GSTR-9/9C within prescribed time, and the department imposed both late fee and general penalty through adjudication proceedings.

- The Court observed that late fee, though not termed as penalty, is penal in nature and adequately covers the default, and Section 125 can be invoked only where no specific penalty is provided under the Act.

- Accordingly, the general penalty under Section 125 was set aside while sustaining the liability of late fee under Section 47(2), holding that dual penal consequences for the same default are not permissible.

18. **Can GST Dues of Deceased Person Be Recovered from Heir Without Adjudication and Notice**?
Case: **Navin Vishwanathan vs. State of Maharashtra**
Court: **Bombay High Court**
Writ/Appeal No.: **Writ Petition No. 8709 of 2025**
Judgment Date: **15.04.2026**

- The Bombay High Court held that GST dues of a deceased person cannot be recovered from the legal heir without prior adjudication of liability and issuance of show cause notice establishing such liability.

- In the present case, the department froze the petitioner-son's bank account under DRC-13 to recover dues of his deceased father merely on the basis of similar trade name, despite both having separate GST registrations and business premises.

- The Court observed that mere similarity of trade name does not establish succession or continuation of business, and recovery powers under Section 79 presuppose an already determined liability after due process under Section 93.

- Accordingly, the bank attachment was quashed and directions were issued to de-freeze the account, while granting liberty to the department to initiate fresh proceedings in accordance with law after following due process.

19. **Can GST Registration Be Cancelled Merely Due to Supplier's Registration Cancellation**?
Case: **Florida Solvent (P.) Ltd. vs. Superintendent, CGST and Central Excise**
Court: **Bombay High Court**
Writ/Appeal No.: **Writ Petition No. 655 of 2026**
Judgment Date: **01.04.2026**

- The Bombay High Court held that GST registration of an assessee cannot be cancelled merely on the ground that suppliers' registrations were cancelled, without independent verification of the assessee's transactions and bonafides.

- In the present case, the assessee's registration was cancelled ab initio alleging ineligible ITC availed from suppliers whose registrations were cancelled, despite the assessee furnishing invoices, e-way bills, ledger accounts, and bank statements.

- The Court observed that mere cancellation of supplier registration does not automatically establish fraudulent ITC, and authorities must record cogent findings based on independent examination of documents and evidence linking the assessee to illegality.

- Accordingly, the impugned cancellation order was set aside and the matter remanded for fresh adjudication after granting opportunity of hearing, with directions to properly evaluate evidence and record specific findings.

Summary: Income Tax Case Laws

1. **Can Charitable Status Be Denied Merely Due to An MoU With Another NGO And Fund Transfers?**
   Case: Triguna Science of Living vs. Commissioner of Income-tax (Exemption)
   Court: ITAT Delhi

- The ITAT Delhi held that charitable status cannot be denied merely because the assessee trust entered into an MoU with another NGO and received funds on a contractual basis, if the ultimate beneficiaries receive services without any monetary consideration.

- In this case, the assessee trust, engaged in education, health and welfare activities, collaborated with B-ABLE Foundation for vocational training programs and claimed that beneficiaries (students) were not charged any fees, and activities were carried out for social impact.

- The CIT(E) rejected registration under Sections 12A and 80G on the ground that the assessee was rendering services to another NGO for consideration, thereby treating the activities as non-charitable without properly examining the end-use and actual beneficiaries.

- The Tribunal held that mere existence of inter-NGO agreements or fund transfers does not negate charitable purpose if the activities ultimately benefit society, and since this crucial aspect was not examined, the matter was remanded to CIT(E) to reassess the activities in light of objects and actual benefit to beneficiaries.

2. **Can Prosecution for Undisclosed Foreign Assets Be Quashed on Ground of Limitation or Pendency of Tax Proceedings?**
   Case: K. M. Mammen vs. Deputy Commissioner of Income-tax
   Court: Supreme Court

- The Supreme Court held that prosecution under Sections 276C and 277 of the Income-tax Act for undisclosed foreign assets cannot be quashed on the ground of limitation, as economic offences are not subject to limitation in view of the Economic Offences (Inapplicability of Limitation) Act, 1974.

- In the present case, prosecution was launched based on information received from German tax authorities regarding undisclosed foreign trust and bank accounts, and despite reassessment and payment of tax, the assessee sought quashing citing limitation and pendency of tax proceedings.

- The Court upheld that criminal prosecution and tax proceedings are independent, and pendency of appeal or reassessment does not bar prosecution; it also rejected

objections regarding authenticity of documents and non-applicability of Section 279(1A).

- However, granting partial relief, the Court held that if the assessee pays the prescribed compounding fee within the stipulated time, the trial court shall compound the offence in accordance with law.

3. **Can Deduction under Section 54B Be Denied If Agricultural Operations Are Carried Out Through Villagers**?
   Case: **Ashok Manshukla Doshi vs. Income-tax Officer**
   Court: **ITAT Hyderabad Bench**
   Writ/Appeal No.: **IT Appeal No. 1181 (HYD) of 2025 Date**: **25.03.2026**

- The ITAT Hyderabad held that deduction under Section 54B cannot be denied merely because agricultural operations were carried out through third parties, as the law only requires that the land be used for agricultural purposes and not necessarily cultivated personally by the assessee.

- In the present case, the assessee-HUF sold agricultural land and purchased another agricultural land within the prescribed period, but the deduction was disallowed on the ground that agricultural activities were not directly carried out and no supporting bills for expenses or sale of produce were furnished.

- The Tribunal observed that the land was duly classified as agricultural in revenue records, agricultural income had been consistently declared and accepted in earlier years, and cultivation through villagers still qualifies as use of land for agricultural purposes.

- Accordingly, the disallowance was held to be unjustified and the assessee was held entitled to deduction under Section 54B, with the addition deleted and appeal allowed in favour of the assessee.

4. **Can Income Declared under Section 44AD Be Arbitrarily Enhanced by Applying Section 44ADA**?
   Case: **Manoj Rajaram Sharma vs. Income-tax Officer**
   Court: **ITAT Mumbai Bench**
   Writ/Appeal No.: **IT Appeal No. 8313 (MUM) of 2025**
   Judgment Date: **20.03.2026**

- The ITAT Mumbai held that income declared under Section 44AD cannot be arbitrarily enhanced by applying a higher presumptive rate under Section 44ADA, as both provisions operate in distinct and mutually exclusive fields.

- In the present case, the assessee, engaged as a Business Correspondent with a bank, declared income at 35% of gross receipts under Section 44AD, but the Assessing Officer enhanced it to 50% by wrongly invoking principles akin to Section 44ADA.

- The Tribunal observed that the assessee was engaged in business activity and not a specified profession, and once gross receipts were accepted, the statutory scheme of Section 44AD could not be substituted by an arbitrary higher rate without any legal basis.

- Accordingly, the addition was held to be unsustainable, and the income declared by the assessee, being higher than the prescribed minimum under Section 44AD, was accepted, with relief granted in favour of the assessee.

5. **Can Reopening of Assessment Be Sustained When Allegations are Not Put to Assessee in SCN u/s 148A(b)?**
   Case: Assistant Commissioner of Income-tax vs. Vivo Mobile India (P.) Ltd.
   Court: Supreme Court of India
   Writ/Appeal No.: SLP (Civil) Diary No. 12417 of 2026
   Judgment Date: 25.03.2026

- The Supreme Court upheld that reassessment proceedings cannot be sustained where the basis of allegation is not disclosed to the assessee in the show cause notice issued under Section 148A(b), as it violates principles of natural justice.

- In the present case, the Assessing Officer alleged bogus purchases from a fictitious entity, but the crucial finding that the contractor was non-existent was never put to the assessee in the SCN, thereby denying an effective opportunity to respond.

- The High Court had set aside the order under Section 148A(d) and notice under Section 148 on this ground, holding that failure to confront the assessee with incriminating material vitiates the entire reopening process.

- The Supreme Court dismissed the SLP filed by the department, affirming that no interference was warranted and thereby upholding the quashing of reassessment proceedings.

6. **Can Penalty under Section 270A Be Levied When No Under-Reporting Exists and Claim Is Bona Fide?**
   Case: GM Modular (P.) Ltd. vs. Principal Commissioner of Income-tax
   Court: Bombay High Court
   Writ/Appeal No.: Writ Petition No. 378 of 2026
   Judgment Date: 30.03.2026

- The Bombay High Court held that penalty under Section 270A for under-reporting cannot be levied where assessed income does not exceed income already determined under Section 143(1)(a), and hence no “under-reported income” exists.

- In the present case, disallowance of PF/ESI contribution under Section 36(1)(va) was already made during processing of return and merely reiterated in assessment, yet penalty was levied alleging under-reporting.

- The Court further observed that the assessee's claim was bona fide, fully disclosed, and supported by binding jurisdictional precedent prevailing at the time of filing return, and therefore could not attract penal consequences even if later reversed by the Supreme Court.

- Accordingly, the penalty order and revision rejection were quashed, holding that penalty cannot be imposed on debatable issues or bona fide claims, and that revision under Section 264 cannot be denied merely because an appellate remedy exists.

7. **Can Stamp Duty Value Be Adopted u/s 56(2)(x) Without Referring to Valuation Officer When Assessee Objects**?
   Case: **Smt. Sarita Satyendra Singh vs. Income-tax Officer**
   Court: **ITAT Mumbai Bench**
   Writ/Appeal No.: **IT Appeal No. 9248 (MUM) of 2025**
   Judgment Date: **23.03.2026**

- The ITAT Mumbai held that where an assessee specifically objects to adoption of stamp duty valuation, such value cannot be adopted under Section 56(2)(x) without first referring the matter to the Valuation Officer for determination of fair market value.

- In the present case, the assessee purchased three immovable properties at values lower than stamp duty valuation and explained reasons such as location disadvantages, title issues, and MHADA-related constraints, while also requesting reference to the Valuation Officer.

- The Tribunal observed that despite such specific objection, the authorities failed to refer the matter to the Valuation Officer and mechanically adopted stamp duty value, which is contrary to the statutory scheme.

- Accordingly, the addition was set aside and the matter was remanded to the Assessing Officer with directions to refer the valuation to the DVO and determine fair market value after providing adequate opportunity to the assessee.

8. **Can Reassessment Be Sustained When Reasons Do Not Relate to Relevant Assessment Years**?
   Case: **Assistant Commissioner of Income-tax (International Taxation) vs. UK Grid Solutions Ltd.**
   Court: **Supreme Court of India**
   Writ/Appeal No.: **SLP (Civil) Diary No. 8153 of 2026**
   Judgment Date: **01.04.2026**

- The Supreme Court upheld that reassessment proceedings cannot be sustained where the reasons recorded do not contain any material or facts relating to the relevant assessment years, and are merely based on general survey findings.

- In the present case, reopening for AYs 2013-14 and 2014-15 was based on survey reports of earlier years without any specific linkage to the years under consideration.

- The High Court had quashed the reassessment notices on this ground, and the Supreme Court found no reason to interfere, also noting an unexplained delay of 267 days in filing the SLP.

- Accordingly, the SLP was dismissed both on the ground of delay and on merits, while keeping the question of law open for consideration in an appropriate case.

9. **Can Depreciation Be Claimed on Assets Given on Lease**?
   Case: **Commissioner of Income-tax (LTU) vs. Tata Motors Ltd.**
   Court: **Supreme Court of India**
   Writ/Appeal No.: SLP (Civil) Diary No. 16062 of 2026
   Judgment Date: 10.04.2026

- The Supreme Court upheld that depreciation under Section 32 is allowable on assets given on lease, rejecting the department's contention that such transactions were merely financial arrangements.

- In the present case, the Assessing Officer disallowed depreciation on leased assets, however, the Tribunal and High Court allowed the claim by following settled law including the decision in I.C.D.S. Ltd. v. CIT.

- The Supreme Court noted that there was an inordinate delay of 501 days in filing the SLP without proper justification and also found no merit to interfere with the High Court's decision.

- Accordingly, the SLP was dismissed both on the ground of delay and on merits, subject to payment of costs, thereby affirming that depreciation is allowable on leased assets.

10. **Can TDS u/s 194-IA Be Deducted only on Part of Property Consideration**?
    Case: **Artha Real Estate Corporation Ltd. vs. Deputy Commissioner of Income-tax (TDS)**
    Court: **ITAT Bengaluru Bench**
    Writ/Appeal No.: ITAT Appeal
    Judgment Date: 10.04.2026

- The ITAT Bengaluru held that TDS under Section 194-IA is required to be deducted on the entire sale consideration of immovable property, and deduction on only part of the consideration is not permissible.

- In the present case, the assessee deducted TDS at 1% only on a portion of the total consideration of Rs. 4.81 crore and failed to justify non-deduction on the remaining amount.

- The Tribunal observed that transfer of property necessarily involves full consideration, and failure to deduct TDS on the balance amount is in clear violation of Section 194-IA, thereby rendering the assessee liable as an assessee-in-default under Section 201.

- However, on other TDS-related issues based on audit report disclosures, the matter was remanded to the Assessing Officer to verify additional evidence regarding deduction/payment of TDS before concluding default.

11. **Can Exemption u/s 54F Be Claimed on Gross LTCG Without Set-off of LTCL**?
Case: **Nikesh Bhagwandas Mehta vs. Income-tax Officer**
Court: **ITAT Mumbai Bench**
Writ/Appeal No.: IT Appeal No. 8246 (MUM) of 2025
Judgment Date: **15.04.2026**

- The ITAT Mumbai held that exemption under Section 54F is allowable on the entire long-term capital gain without first setting off long-term capital loss under Section 70(3).

- In the present case, the assessee earned LTCG of about Rs. 69.84 lakh and claimed full exemption under Section 54F, while also incurring LTCL of about Rs. 37.72 lakh which was sought to be carried forward.

- The Tribunal observed that provisions of Section 54F override Section 70(3), and exemption provisions must be given effect at the stage of computation of capital gains before applying set-off provisions.

- Accordingly, the assessee was held entitled to claim exemption on entire LTCG and simultaneously allowed to carry forward LTCL, setting aside contrary findings of lower authorities.

12. **Can Accused Be Denied Inspection of Original Documents Relied Upon by Prosecution**?
Case: **Ritu Butalia vs. State**
Court: **Delhi High Court**
Writ/Appeal No.: CRL.M.C. 494, 505–511 of 2018
Judgment Date: **10.03.2026**

- The Delhi High Court held that denial of inspection and production of original documents relied upon by the prosecution violates the accused's right to fair trial and effective cross-examination.

- In the present case, foreign documents were exhibited as "original seen and returned" (OSR), but the accused sought inspection of originals to challenge their admissibility due to lack of diplomatic authentication.

- The Court observed that even if documents are received through official channels, they must be proved as per law, and the accused must be given an opportunity to verify authenticity during cross-examination.

- Accordingly, the prosecution was directed to produce original documents for inspection during cross-examination, and the trial court's order rejecting such request and imposing costs was set aside.