

## Validity of Sec 148 notices issued after 31.03.2021

Contentious Issue on issuing income tax notices u/s 148 on reassessment proceedings; after 31st March 2021:

In the latest development, the Income-Tax department has moved the Supreme Court challenging an order by the Allahabad High Court quashing income tax notices issued after March 31, 2021, under the old re-assessment regime.

This is a setback for multiple tax-payers who had got favorable orders from various high courts on reassessment proceedings initiated by the tax authorities.

### \*Background\*:

In the 2021 budget, the government had amended a provision government reassessment proceeding under Section 148 of the Income-Tax Act, 1961. The amendment had limited the period for issuing notices with respect to reopening past years' assessment to three years from six earlier. The amendment, which was aimed at reducing litigation, was to take effect from April 1, 2021.

### \*Stand of IT Authorities\*:

However, the income tax authorities extended the time limit to June 30, 2021, citing the second wave of Covid-19. It then went ahead and issued notices to thousands of taxpayers between April 1, 2021, and June 30, 2021, for reopening past assessment proceedings. The tax department issued these notices under Section 148, alleging improper disclosure of income for years prior to the last three assessment years.

### \*Knocking the doors of Allahabad HC\*:

Taxpayers moved the Allahabad High Court contesting the notices on the grounds that they were contradictory to the provisions of the new tax regime.

### \*Orders of the Allahabad HC\*:

The HC had said that the new tax regime did not empower the I-T department to reopen cases after March 31, 2021.

**\*Orders of Various HCs\*:**

This was followed by similar orders by other high courts, including the Rajasthan High Court, Delhi High Court and Calcutta High Court, preventing the income-tax department from reopening cases for reassessment.

**\*SLPs\*:**

The issue, however, continues to simmer as the tax department has challenged the latest Allahabad High Court order before the apex court. It is expected that the I-T department will file similar SLPs (Special Leave Petitions) against favorable orders of other High Court, where by these reassessment notices have been quashed.

**\*Final Say\*:**

Thus, a final word on this issue is now expect