IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD
(Special Original Jurisdiction)

MONDAY,THE ELEVENTH DAY OF AUGUST
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE THE CHIEF JUSTICE APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT PETITION NO: 23594 OF 2025

Between:

PARADIGM CORPORATION PRIVATE LIMITED, Shaikpet Hydrabad, Jubilee Hills S.O 500033 Telangana.

...PETITIONER

AND

1. PRINCIPAL CHIEF COMMISSIONER OF INCOME-TAX, Andhra Pradesh And Telangana, IT Tower, Masab Tank, Hyderabad - 500004
2. PRINCIPAL COMMISSIONER OF INCOME-TAX - IV, Income Tax Tower, Masab Tank, Hyderabad - 500004.
3. NATIONAL FACELESS ASSESSMENT CENTRE (NFAC), Rep by Its Principal Commissioner Income Tax Department, Ministry of Finance, New Delhi - 110001.

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue a writ of certiorari or any other appropriate writ, order or direction calling for records and a) quashing the order bearing DIN No. ITBA/COM/F/17/2025-26/1076782752(1) dated 06.06.2025 passed by the Respondent No. 1, as the same is arbitrary, illegal and violative of principles of natural justice, and consequently, set aside the same, b) quashing the order bearing DIN No. ITB A/COM/F/17/2024-25/1069933944(1) dated 25.10.2024 passed by the Respondent No. 2, as the same is arbitrary, illegal and violative of principles of natural justice, and consequently, set aside the same, c) grant stay of recovery pursuant to the notice of demand bearing DIN No. ITBA/AST/S/156/2023-24/1063204328(1) dated 22.03.2024 issued under Section 156 of the Income Tax Act, 1961, by the Respondent No. 3 for A.Y 2022-23,

pending disposal of the appeal filed by the Petitioner before the National Faceless Appeal Centre, as the said notice of demand dated 22.03.2024 is arbitrary, illegal and violative of principles of natural justice and statutory provisions

IA NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation and effect of the order bearing DIN No. ITBA/COM/F/17/2025-26/1076782752(1) dated 06.06.2025 passed by the Respondent No. 1

IA NO: 2 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation and effect of the order bearing DIN No. ITBA/COM/F/17/2024-25/1069933944(1) dated 25.10.2024 passed by the Respondent No. 2

IA NO: 3 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay all further proceedings, including but not limited to recovery, pursuant to the notice of demand bearing DIN No. ITBA/AST/S/156/ 2023-24/1063204328(1) dated 22.03.2024 issued by the Respondent No. 3 to the Petitioner for A.Y 2022-23

Counsel for the Petitioner: SRI. VIKRAM POOSERLA SENIOR COUNSEL FOR Ms. K. MAANASA

Counsel for the Respondents: SRI K. SUDHAKAR REDDY (Sr SC FOR INCOME TAX)

The Court made the following: ORDER

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH

AND

THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

Writ Petition No.23594 of 2025

Order:

Heard Mr. Vikram Pooserla, learned Senior Counsel appearing for Ms. K. Manasa, learned counsel for the petitioner and Mr. K.Sudhakar Reddy, learned Senior Standing Counsel for Income Tax Department appearing for the respondents/revenue.

2. For the assessment year 2022-2023, the petitioner-company filed its return as NIL. Faceless assessment was conducted under Section 143(3) read with Section 144B of the Income Tax Act, 1961 (for short 'the 1961 Act') assessing the total income of the petitioner as Rs.62,57,82,042/-. By order dated 22.03.2024, a demand of Rs.60,48,85,080/- was raised. The petitioner-company has filed an appeal before the National Faceless Appeal Centre, Delhi, on 17.04.2024. Petitioner-company has also filed a petition for stay of payment of demand till disposal of the appeal before respondent No.2- Principal

Commissioner of Income Tax-IV (for short 'PCIT'), on 13.06.2024. The PCIT, by order dated 25.10.2024, permitted payment of the impugned demand through instalments of Rs.5 crores per month starting from November, 2024, till disposal of the first appeal, otherwise the petitioner-company would be treated as an assessee in default. Petitioner approached the Principal Chief Commissioner of Income Tax, Andhra Pradesh and Telangana (for short 'PCCIT'), on 03.12.2024, seeking stay of demand for the same assessment year. By the impugned order dated 06.06.2025, such a prayer was refused as the petitioner-company has failed to establish its financial stringency. Petitioner, being aggrieved thereby, has approached this Court.

3. Petitioner is also seeking stay of recovery of the demand through order dated 22.03.2024, passed under Section 156 of the Act of 1961 by respondent No.3, as the appeal is still pending before the National Faceless Appeal Center.

4. Learned counsel for the petitioner *inter alia* submitted that the application for stay of demand categorically made out a case

of financial hardship. The bank statement of the petitioner was also filed as annexure-3, which showed only balance of Rs.71,17,436/- as on 05.11.2024. Learned counsel further submits that the correspondence by the Additional/Joint Commissioner of Income Tax, Administration, Hyderabad, dated 27.02.2025, would show that the decision of the Local High Pitched Scrutiny Assessments Committee is not unequivocal as to whether the demand raised upon the petitioner, on the basis of the reassessment, is 'Not High Pitched Assessment'. He, however, submits that the communication indicates that it is not a 'Not High Pitched Assessment'. Even otherwise, as per the judgment rendered by Gujarat High Court in **Harsh Dipak Shah v. Union of India**[1], in particular, paragraph 32, the 'high pitched assessment' means where the income determined and assessment was substantially higher than the returned income. For example, twice the returned income or more.

[1] 2022 SCC OnLine Gujarat 1679

5. In the instant case, the income was assessed as Rs.60 crores against the return of NIL income. Definitely, it was a case of high pitched scrutiny assessment. Even the bank statement of the petitioner substantiated the grounds of financial stringency. The revenue authorities have failed to apply their mind to the grounds taken and rejected the prayer for stay even at the level of PCCIT. The direction of the PCIT dated 25-10-2024 for deposit of instalments @ Rs.5 crores per month starting from November, 2024, till disposal of the first appeal has no meaning so far as the prayer for stay of the impugned demand during pendency of the appeal is concerned. Therefore, the petitioner has approached this Court.

6. Learned counsel for the revenue submits that the petitioner has failed to furnish other supporting documents such as cash flow, financial statement and also the source of infusion of funds to the petitioner-company, which has been the basis for scrutiny assessment of such nature. Therefore, the impugned order does not require any interference.

7. However, on being specifically asked as to the timeline within which the appeal preferred by the petitioner is likely to be disposed of, learned counsel for the revenue replied that he has no instructions regarding any particular timeline.

8. Learned counsel for the petitioner submits that in view of the stand taken by the revenue, petitioner is ready to furnish other supporting documents to make out the case of financial hardship such as the cash flow, financial statements and such other documents.

9. In the wake of such submission, learned counsel for the revenue submits that in case this Court is inclined to remand the matter, the competent officer would, upon necessary documents being submitted, reconsider the application of the petitioner for stay of the demand in accordance with law.

10. We have considered the submissions of learned counsel for the parties.

11. From the conspectus of facts and the relevant documents taken into note, as borne out from the pleadings on record, it appears that the communication dated 27.02.2025 on the issue whether the scrutiny assessment undertaken against the petitioner was a high-pitched assessment or not is not unequivocal in its language as also quoted hereinabove. In a case where assessee has presented the appeal, the assessing officer may in his discretion and subject to such conditions, as he may think fit, treat the assessee as not being in default in respect of the amount in dispute of the appeal and subject him to payment of the demand in instalments within a time prescribed. In the present case, the petitioner has approached the PCIT and subsequently, the PCCIT for stay of the impugned demand. The order dated 25.10.2024 passed by the PCIT, thus, permitted payment of the impugned demand through instalments @ Rs.5 crores per month starting from the month of November, 2024, onwards till disposal of the first appeal. However, it appears that the learned PCIT or the learned PCCIT have not specifically dealt with the issue as regards the plea of financial hardship made

out by the petitioner. It appears that the petitioner is required to submit further documents in the nature of cash flow and financial statements *etc.,* for the competent officer to take a decision thereupon.

12. At this stage, therefore, without commenting upon the merits of the plea raised by the petitioner, we are inclined to direct the petitioner to approach the competent officer-respondent No.1 with a fresh application together with supporting documents and case laws for taking a decision on the question of stay of payment of the demand raised upon him for the assessment year 2022-2023 in terms of Section 143 r/w Section 144B of the 1961 Act.

13. Needless to say, if such application is made by the petitioner within a period of one week, respondent No.1 would consider the same and take a decision thereon in accordance with law within a period of four weeks therefrom.

14. Accordingly, the instant Writ Petition is disposed of. No costs.

As a sequel, miscellaneous petitions, pending if any, stand closed.

SD/-P. PONNA KRISHNA
ASSISTANT REGISTRAR

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SECTION OFFICER

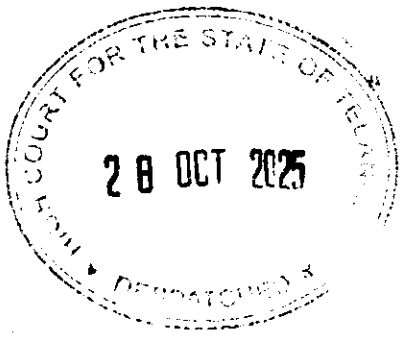
To,

1. The PRINCIPAL CHIEF COMMISSIONER OF INCOME-TAX, Andhra Pradesh And Telangana, IT Tower, Masab Tank, Hyderabad - 500004
2. The PRINCIPAL COMMISSIONER OF INCOME-TAX - IV, Income Tax Tower, Masab Tank, Hyderabad - 500004.
3. The Prinicipal Commissioner,NATIONAL FACELESS ASSESSMENT CENTRE (NFAC), Income Tax Department, Ministry of Finance, New Delhi - 110001.
4. One CC to Ms. K. MAANASA , Advocate [OPUC]
5. One CC to SRI. K. SUDHAKAR REDDY, (Sr SC FOR INCOME TAX) [OPUC]
6. Two CD Copies

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LS

HIGH COURT

DATED:11/08/2025



ORDER

WP.No.23594 of 2025

DISPOSING OF THE WRIT PETITION
WITHOUT COSTS

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ASV
27/10/25