



# 9<sup>TH</sup> THE DASTUR NATIONAL DIRECT TAX MOOT COURT COMPETITION, 2026

13<sup>th</sup> and 27<sup>th</sup> June, 2026

## MOOT PROPOSITION

1. M/s OD Private Limited (“Assessee”) is a company engaged in real estate development and is regularly assessed to tax under the Income-tax Act, 1961 (“the Act”).
2. For Assessment Year 2018–19, the Assessee filed its return of income on 31<sup>st</sup> October, 2018, declaring total income of ₹9.5 crore (Rupees Nine Crore Fifty Lakh). The return was processed under **Section 143(1)** of the Act.
3. Subsequently, based on information flagged through the risk management system under **Section 135A**, the case of the Assessee was identified for reassessment.
4. On 30<sup>th</sup> March, 2023, a notice under **Section 148** of the Act was issued by the Jurisdictional Assessing Officer (“JAO”), alleging escapement of income of ₹2.5 Crore (Rupees Two Crore Fifty Lakh) on account of accommodation entries.
5. Notably, no procedure under **Section 148A**, including issuance of show cause notice, opportunity of hearing, or passing of an order under **Section 148A(d)**, was followed prior to issuance of notice under **Section 148**.
6. The Assessee filed a Writ Petition before the Hon’ble Bombay High Court challenging the validity of the notice under **Section 148**, inter alia, on the following grounds:
  - Violation of mandatory procedure under **Section 148A**, resulting in denial of a preliminary right to object to reassessment;

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- The alleged reliance on an undisclosed departmental strategy or internal mechanism, depriving the Assessee of procedural safeguards;
  - Violation of principles of natural justice, as the Assessee was denied an opportunity to be heard prior to initiation of reassessment;
  - Lack of jurisdiction, on the ground that under the Faceless Assessment Scheme, only the National Faceless Assessment Centre (“NFAC”)/Faceless Assessment Officer (“FAO”) was empowered to issue such notices, and not the JAO; and
  - The notice under **Section 148** initiating reassessment was invalid in law for not bearing a valid Document Identification Number (“DIN”).
7. The Hon’ble Bombay High Court, by its judgment dated 15<sup>th</sup> September, 2024, allowed the Writ Petition and quashed the notice issued under **Section 148**, inter alia:
- Holding that the JAO lacked jurisdiction to issue such notice under the faceless regime; and
  - Relying upon its earlier decision in *Hexaware Technologies Ltd. v. ACIT*, (2024) 464 ITR 430, 2024 SCC OnLine Bom 1249 (Bom).
8. Meanwhile, the Hon’ble Delhi High Court, in a separate batch of matters, upheld the validity of similar notices issued by JAOs, upholding the Department’s contention that JAO and FAO enjoy concurrent jurisdiction under the statutory framework.
9. Aggrieved by the divergent views of various High Courts, the Revenue preferred appeals before the Hon’ble Supreme Court.
10. During the pendency of these appeals, the Finance Act, 2025, introduced amendments with retrospective effect from 01.04.2021, by inserting **Section 147A** which provided that:
- Issuance of notice under **Section 148** ought to be undertaken by the JAO and was always intended as such;
  - Subsequent proceedings may be conducted under the faceless scheme; and
  - All actions taken by JAOs shall be deemed valid, notwithstanding any judicial decisions to the contrary.

11. Taking note of the retrospective amendments, a Bench of the Hon'ble Supreme Court, passed an order:

- Setting aside the judgments of various High Courts on the JAO vs. FAO issue;
- Granting liberty to assessees to challenge the constitutional validity of the retrospective amendments before High Courts;
- Permitting all other contentions to be raised along with such challenge;
- Directing High Courts to dispose of such matters on or before 31<sup>st</sup> July, 2026; and
- Staying all reassessment proceedings in the interim.

12. Pursuant to the above, the present Assessee has filed a fresh writ petition before the Hon'ble Bombay High Court, challenging:

- The validity of the reassessment proceedings;
- The constitutional validity of the retrospective amendments;
- The bypass of procedure under **Section 148A**; and
- Notice under **Section 148** which did not bear a DIN was invalid.

13. The Hon'ble Bombay High Court has admitted the petition and listed the matter for final hearing.

**ISSUES FOR CONSIDERATION**

The following issues arise for adjudication:

1. Whether initiation of reassessment proceedings under Section 148 without following the procedure prescribed under **Section 148A** is valid in law?
2. Whether the alleged reliance on undisclosed internal mechanisms or strategies under **Section 135A** violates principles of natural justice?
3. Whether absence or defect in Document Identification Number (“**DIN**”) renders the Notice under **Section 148** invalid in light of the newly inserted **Section 292BA**?
4. Whether jurisdictional defects, if any, can be cured by retrospective legislation when such defects go to the root of the proceedings?



**ADDITIONAL INFORMATION**

1. There is no dispute regarding limitation for issuance of notice under **Section 148**.
2. The Revenue contends that the case falls within exceptions to **Section 148A**, though no such exception has been explicitly invoked in the notice.
3. The “strategy” or mechanism adopted under **Section 135A** has not been disclosed to the Assessee at any stage.
4. The Supreme Court has not adjudicated upon the merits of the controversy.
5. The notice under **Section 148** was followed by a communication quoting the DIN and was served on the Assessee on the next day.
6. **Section 292BA** has been introduced by way of Finance Act, 2026, with retrospective effect from 1<sup>st</sup> October, 2019, to provide that reassessment orders shall not be invalidated on account of defects in quoting the DIN, so long as the order is otherwise identifiable. The amendment purports to address and reduce litigation arising from technical lapses in DIN generation.
7. Shortly after the Budget, an old clip of the Hon’ble Finance Minister, in a public address at the National Traders’ Conference, resurfaced on social media where she emphasized that a notice lacking a Document Identification Number (“**DIN**”) is effectively meaningless and incapable of enforcement. In fact, it was remarked that such a notice could simply be trashed in a dustbin and disregarded as though it never existed. It was clarified that a DIN ensures all correspondence (notices, orders, summons) are properly tracked and accountable, preventing arbitrary actions by tax officers.
8. The matter is being heard as a Writ Petition under **Article 226**.

**NOTE**

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