

## Legal Update

# A reassessment was set aside as the assessee was unaware of proceedings initiated against her when she was residing abroad.

### Summary:

Where reassessment was initiated against a non-resident assessee who did not file a return for Assessment Year 2015-16 as tax was deducted at source, but notices sent via email and RPAD were undelivered, in such circumstances, reassessment deserved to be set aside for violating natural justice, subject to costs, with directions for fresh proceedings after providing a hearing.

### Case Title

- ❖ **Case Update:** Madhubala Narayanasamy vs. Income-tax Officer
- ❖ **Citation:** [2025] 172 taxmann.com 465 (Madras) | W.P. No. 38758 of 2024
- ❖ **Date of Judgment:** February 13, 2025
- ❖ **Court:** Madras High Court
- ❖ **Presiding Judge:** Justice Krishnan Ramasamy

### Facts of the Case

1. The assessee, Madhubala Narayanasamy, a non-resident Indian (NRI), had no income apart from her salary.
2. She did not file an income tax return for AY 2015-16 as she was not aware of the necessity to do so, given that TDS had already been deducted at source.
3. The Income Tax Department initiated reassessment proceedings for the assessment year 2015-16, issuing notices through:
  - *Online Portal*
  - *Email (which bounced back)*
  - *Registered Post (RPAD) (returned as "No such addressee")*
4. The department argued that the assessee failed to respond despite due communication.
5. The assessee contended that she did not receive any notice from the Revenue, and she filed an instant writ petition seeking a fresh assessment with a proper hearing.
6. The assessee was unaware of these proceedings and filed a writ petition seeking a fresh hearing.

### Court's Observations:

1. The assessee was not a regular taxpayer and could not be expected to monitor the online portal for tax-related notices.

2. The email bounced back, and the RPAD notice could not be delivered.
3. The reassessment pertained to a transaction from 2015-16, but proceedings were initiated in 2023-24 (after 8 years).
4. The petitioner has not been heard; therefore, the said order is an ex parte order and suffers from a violation of the principles of natural justice and is liable to be set aside.

### Court's Ruling:

1. The impugned reassessment order set aside, subject to the assessee paying ₹7,500 to Cancer Institute Adyar, Chennai.
2. The Income Tax Department must issue a fresh notice and provide 14 days' clear notice for a personal hearing.
3. The assessee must file a reply within three weeks of receiving the court order.
4. The writ petition was allowed in favour of the assessee.

### Implications:

1. The judgment reinforces the importance of proper service of notice and a fair hearing before reassessment.
2. The taxpayer's non-resident status and the delay of 8 years played a crucial role in setting aside the reassessment.
3. The ruling highlights natural justice principles in taxation matters, particularly for NRIs.



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