

Transfer of PAN jurisdiction follows jurisdiction transfer order; AO can't claim jurisdiction if PAN transferred later: HC

Facts of the case: PCIT v. Capstone Securities Analysis (P.) Ltd. - [2023] (Bombay)

Assessee-company filed its return of income for the relevant assessment year. The return was processed under section 143(1). Afterward, the case was selected for scrutiny proceedings. Since assessee was involved in international transactions, the assessee's case was referred to Transfer Pricing Officer (TPO) for determination of the Arm's Length Price.

Based on the order passed by the TPO, the Assessing Officer (AO) issued draft assessment order incorporating additions to the total income of the assessee. Aggrieved by the order, the assessee filed objections with the Dispute Resolution Panel. Meanwhile, the assessee shifted its head office from Mumbai to Pune to which the Registrar of Companies, Maharashtra issued a certificate of transfer.

Such certificate of transfer was then furnished to the concerned Income Tax Officer and a request was made to CIT, Mumbai for transferring the jurisdiction to Pune. The request was subsequently approved by CIT. Despite the transfer of jurisdiction, AO passed the final assessment order.

Aggrieved assessee preferred an appeal to the Tribunal pertaining to the jurisdiction of AO, Mumbai even after the transfer order passed by CIT. The Tribunal allowed the assessee's appeal. The matter reached the Bombay High Court.

Decision of the case :

- The Court held that CIT, Mumbai passed the order for transferring the jurisdiction. AO had no jurisdiction over the file of the assessee after such transfer. AO's argument that he possesses jurisdiction over the assessee's case till the PAN jurisdiction gets transferred is not maintainable.
- Transfer of PAN jurisdiction is consequential to the order of transfer of jurisdiction. It is a PAN that follows jurisdiction and not vice-versa.
- Therefore, assessee's appeal was allowed and AO, Mumbai cannot continue to exercise jurisdiction even if the PAN was transferred at a later stage.