Tata Capital Limited v. Union of India

An assessment order passed against a dissolved transferor despite prior written intimation of the amalgamation, with the successor having participated throughout. At issue: whether participation cures a jurisdictional defect, and the true scope of Section

Date of Order:	March 3, 2026
Case Law No:	GIB-APHC-2026-74
Source:	GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background.

Under a scheme of arrangement approved by the NCLT, Mumbai Bench on 24.11.2023, with an appointed date of 01.04.2023, the entire business of the transferor was vested in the petitioner and the transferor was dissolved without winding up. Although the petitioner informed the authorities by reply dated 29.03.2024 that the company no longer existed, notices and hearings continued in the dissolved company's name and culminated in an assessment order dated 06.12.2024. The petitioner had participated in those proceedings.

Observations of the Court.

The Court set out Clause 7 of the sanctioned scheme, under which all legal, taxation and other proceedings by or against the transferor pending on the appointed date are to be continued and enforced by or against the transferee as if instituted by or against it. It followed Spice Enfotainment Ltd., Maruti Suzuki India Ltd. and Kamala Muthiah, holding that proceedings pursued against a dissolved company are wholly without jurisdiction.

On Section 87, the Court held that the provision only ensures that the authorities' right to recover tax is protected and that the liability continues to be discharged. It does not deal at all with the question whether pending proceedings against a dissolved company may be continued; that question stands already decided by the Supreme Court, and Section 87 is not relevant to it. Participation by the petitioner did not cure the defect. The merits of the demand were expressly left open.

Final verdict.

The writ petition was allowed and the order dated 06.12.2024 was set aside, leaving it open to the respondent authorities to undertake such action as may be permissible under law.