Principal Commissioner of Income Tax-9, Kolkata v. P.L. Goenka HUF

ITAT/241/2024 (IA No: GA/2/2024)

ITAT/241/2024 (IA No: GA/2/2024) (High Court at Calcutta, 2025-05-06) | 2025-05-06

The Revenue appeal was allowed and substantial questions answered for the Revenue; the Tribunal order was held liable to be quashed.

Income-tax Act, 1961: 147, 10(38)

High Court at Calcutta | Division Bench | T. S. Sivagnanam | Chaitali Chatterjee (Das)

Assessment years: 2013-14

Scope of this source order

The decision validates the independent analysis shown on this record. It does not authorise reopening solely on unexamined borrowed satisfaction or dispense with statutory section 147 conditions.

01 FACTS OF THE CASE

Revenue challenged the Tribunal's 9 February 2024 order in ITA412/Kol/2023 for AY2013–14. The dispute involved Rs.5,36,750 claimed exempt LTCG on Tuni Textile Mills shares. NFAC had affirmed the 25 September 2021 reassessment under sections 147/144B on 12 April 2023. The Tribunal invalidated reopening on alleged mechanical reliance on investigation information and non-compliance with the 10 January 2018 CBDT procedure, without addressing tax merits.

Source: Paras1–6, PDF pp.1–5

02 DISCUSSION BY THE HON'BLE COURT

The Court treated that CBDT procedure as guidance rather than a rule or mandatory regulation. Applying Rajesh Jhaveri, it distinguished reason to believe at initiation from conclusive proof of escapement. On the record, it found examination of the return, contract notes, share certificates, company financials, price movement and replies to show-cause notices. The Tribunal had also overlooked NFAC's factual reasoning; its conclusion of no application of mind was erroneous.

Source: Paras8–12, PDF pp.5–9

03 JUDICIAL DECISION

Revenue's appeal was allowed and the substantial questions answered in its favour. The appeal and connected application were disposed of after the Court held the Tribunal order deserved to be quashed.

Source: Paras12–14, PDF pp.9–10

04 OUTCOME / IN WHOSE FAVOUR

Revenue-favourable final appellate result defeating the Tribunal's reopening-invalidity conclusion. The judgment contains no direction for a fresh hearing on remand and does not require conclusive proof of escapement at the notice stage.

Source: Paras9,12–14, PDF pp.5–6,9–10

05 EXPERT COMMENTS

Borrowed information is not necessarily borrowed satisfaction — The Court found actual evaluation of taxpayer-specific documents and financial circumstances, rather than mere repetition of an investigation report. For comparison, trace what the AO examined and why it supported belief. The decision does not excuse mechanically copying information merely because the taxpayer is named in it.

Keep the initiation threshold distinct from the completed assessment — Rajesh Jhaveri supplies the reason-to-believe threshold, while the Court's factual discussion also surveys later notices, replies and the completed assessment. Do not turn the absence of a need for final proof at initiation into a rule dispensing with evidence at assessment, or assume every event described occurred before reopening.

Limit the instruction holding to the procedure actually considered — The Court criticised treating the 10 January 2018 CBDT standard procedure as a rule or regulation. That does not support a general statement that every CBDT direction is legally optional. The result combines this specific instruction analysis with the finding that the assessment record showed application of mind.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

High Court at Calcutta source judgment/order

Complete 11-page source PDF; corrected note based on this document.

All 11 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Source-era statutory provisions only; no Income-tax Act, 2025 equivalence asserted.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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