Deputy Commissioner of Income Tax, Circle Jorhat v. Toor Finance Company Limited, Jorhat

Case No. : ITA/9/2023 (in ITAT ITA No. 305/GAU/2018)

2025:GAU-AS:1047-DB | ITA/9/2023 | 2025-01-30

Valid reopening permitted assessment of other escaped income despite no addition on the recorded ground; merits remanded.

Income-tax Act,1961: sections 68, 69, 147, 148, 260A

Gauhati High Court | 2-judge bench (Division Bench) | Chief Justice Vijay Bishnoi | Justice Kaushik Goswami

Assessment years: 2010-11

01 FACTS OF THE CASE

Revenue challenged the Tribunal's jurisdictional deletion of additions of Rs.8,94,55,000 under section 68 and Rs.26,83,650 commission under section 69. Reopening had referred to Rs.18 lakh, on which no addition was ultimately made. CIT(A) had deleted the additions on jurisdiction and merits, but the Tribunal addressed only jurisdiction.

Source: PDF pp.2–5

02 DISCUSSION BY THE HON'BLE COURT

The Tribunal considered absence of an addition on the original ground fatal to other additions. The High Court adopted the reasoning in Mehak Finvest and N. Govindaraju concerning Explanation 3 to section 147: other escaped income could be assessed after a valid reopening even if the original item yielded no addition.

Source: PDF pp.6–15

03 JUDICIAL DECISION

The jurisdictional question was answered for Revenue. The Court distinguished a valid notice followed by no addition from an invalid notice, which cannot support other additions.

Source: PDF pp.15–16, paras 15–16

04 OUTCOME / IN WHOSE FAVOUR

Appeal disposed of with remand to the Tribunal to decide whether the aggregate addition of Rs.9,21,38,650 was sustainable on merits; the High Court did not confirm that addition.

Source: PDF p.16

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Notice validity remains the foundation: The result removes one objection: failure to add the income originally identified does not by itself extinguish jurisdiction under the statutory provision considered. It does not dispense with a valid reopening notice. A taxpayer should therefore distinguish defects in the initiation itself from the separate argument that the recorded item ultimately produced no addition. (PDF pp.6–15)

A jurisdictional win is not proof of the additions: Revenue secured reconsideration, not confirmation of unexplained credits or commission. CIT(A) had also decided merits, which the Tribunal had not examined. On remand the evidence supporting the credits and the commission calculation must be addressed; the High Court's jurisdictional reasoning cannot substitute for that evidentiary exercise. (PDF pp.3–5, 16)

Keep the statutory and jurisdictional setting: The judgment concerns AY 2010-11 and the former section 147 wording with Explanation 3. Its adopted reasoning discusses disagreement with the Jet Airways and Ranbaxy approach. It should not be presented as a uniform rule resolving every jurisdiction or as clearance of notices under a later reassessment regime. (PDF pp.6–15)

Source: PDF pp.6–15

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 16-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been 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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