

Slimtile Private Limited v. Assistant Commissioner of Income Tax & Anr.

R/Special Civil Application No. 13575 of 2023

R/Special Civil Application No. 13575 of 2023 (Guj HC, decided 03.09.2026) | 2026-09-03

Reference made to the District Valuation Officer under section 142A on 24.06.2023 — one day before the assessment for AY 2021-22 became time-barred on 25.06.2023 — quashed as a colourable exercise of power designed solely to invoke Explanation 1(v) to section 153 to artificially extend limitation.

Income-tax Act, 1961: sections 32, 127, 132, 142(1), 142A, 143(2) and Explanation 1(v) to section 153(1) | Constitution of India: Article 226

High Court of Gujarat | 2-judge bench (Division Bench) | A.S. Supehia, J. | Vaibhavi D. Nanavati, J.

Assessment years: 2021-22

Challenge to show-cause notices dated 17.06.2023 and 20.06.2023 not pressed

As recorded in paragraph 1 on page 1, counsel for the petitioner did not press the prayer against the show-cause notices dated 17.06.2023 and 20.06.2023 and confined the challenge to the DVO reference dated 24.06.2023.

01 FACTS OF THE CASE

Slimtile Private Limited filed its return for AY 2021-22 on 14.03.2022 declaring total income of Rs. 8,17,74,420. Following a search and survey on M/s Ratnakala Exports Pvt. Ltd. in September 2021 and selection of the petitioner's return for scrutiny via notice dated 29.06.2022 under section 143(2), the petitioner submitted a detailed reply on 02.12.2022 to a section 142(1) notice dated 21.11.2022 furnishing full banking details for additions to fixed assets (computers, machinery, factory shed, vehicles, furniture, and office equipment). Thereafter, the Assessing Officer took no action on asset valuation for over six months until issuing show-cause notices on 17.06.2023 and 20.06.2023 (which were silent on fixed-asset valuation). After the petitioner objected on 22.06.2023 that the assessment was time-barred, the AO passed an order on 24.06.2023 — a single day before limitation expired on 25.06.2023 — referring the valuation of fixed assets and depreciation to the District Valuation Officer under section 142A.

Source: [Pages 1-4 and 9-18 of 20 \(Paragraphs 1-6, 15 and 24-25\) \(20260903_GJHC240480492023.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

Relying on coordinate Bench decisions in *Anand Banwarilal Adhukia v. DCIT*, (2016) 75 taxmann.com 301 (Guj) and *Me & Mummy Hospital v. ACIT*, (2014) 45 taxmann.com 248 (Guj), the Division Bench noted that Senior Standing Counsel for the Revenue himself conceded that a section 142A valuation reference could not be justified to examine a legal disallowance of depreciation. Scrutinizing the chronology from 02.12.2022 (when full bank payment details for fixed assets were supplied) and 28.12.2022 (when search material was received by DCIT Surat) up to 17.06.2023/20.06.2023 (when the show-cause notices made no mention of asset valuation), the Court held that the AO ingeniously resurrected two artificial issues on 24.06.2023 to make a last-minute reference to the DVO solely to cover up his inaction and trigger the limitation exclusion under Explanation 1(v) to section 153.

Source: [Pages 6-8 and 17-20 of 20 \(Paragraphs 9-11 and 24-27\) \(20260903_GJHC240480492023.pdf\)](#)

03 JUDICIAL DECISION

Holding that the section 142A valuation reference made one day prior to the expiry of limitation was a colourable exercise of power, the Gujarat High Court allowed the writ petition and quashed the impugned reference order dated 24.06.2023.

Source: [Pages 19-20 of 20 \(Paragraphs 27-28\) \(20260903_GJHC240480492023.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (Slimtile Private Limited); section 142A reference order dated 24.06.2023 quashed.

Source: [Pages 19-20 of 20 \(Paragraph 28\) \(20260903_GJHC240480492023.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: A last-minute reference to the District Valuation Officer under section 142A made on the eve of the section 153 limitation deadline — after months of inaction following the assessee's reply on fixed-asset additions and without any mention in the final show-cause notices — will be struck down as a colourable device to artificially buy limitation under Explanation 1(v) to section 153(1).

Source: [Full judgment PDF \(20 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(20260903_GJHC240480492023.pdf\)](#)

Reviewed from the complete 20-page official High Court judgment PDF (20260903_GJHC240480492023.pdf, SHA-256: a821c8bb8e469546d8a377b1ce194453a3762f330923d08534871dcd6cfe7dd1).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Primary source verified page-by-page (20 physical pages, 331,828 bytes, SHA-256: a821c8bb8e469546d8a377b1ce194453a3762f330923d08534871dcd6cfe7dd1). Cloud Google Drive File ID: 1zVDG1sWnoAUAqhoYstLLFfD5v3iVOE5i (<https://drive.google.com/file/d/1zVDG1sWnoAUAqhoYstLLFfD5v3iVOE5i/view>).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

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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