# Principal Commissioner of Income Tax & Anr. v. Shri Gali Janardhana Reddy

I.T.A. No. 704/2018

I.T.A. No. 704/2018 (Karnataka High Court, 2023-03-31) | 2023-03-31

## Section 153C: receipt-based six-year period and absence of searched-person satisfaction defeat Revenue appeal.

Income-tax Act,1961: sections 132, 144, 153A, 153C, 153D, 254(2), 260A

Karnataka High Court | Division Bench at Dharwad | K. Somashekar | Umesh M. Adiga

Assessment years: 2011-12

### 01 FACTS OF THE CASE

Revenue challenged the Tribunal's 17 October 2016 order in ITA 1450/Bang/2014 and its 6 March 2018 refusal of rectification in MP 149/Bang/2016, concerning AY 2011-12. The 25 October 2010 search of third parties led to the assessee's assessment dated 31 March 2013 under section 144 read with section 153D. Revenue maintained that this was an ordinary search-year assessment outside section 153C.

Source: PDF pp.78–80, paragraphs 43–47

## 02 DISCUSSION BY THE HON'BLE COURT

Applying RRJ Securities, the Court reckoned the other person's six-year period with reference to receipt of seized material, using 14 December 2012: AYs 2007-08 to 2012-13 included AY 2011-12. It accepted the requirement of satisfaction in the searched-person capacity, even where the Assessing Officer was common, and found that Revenue had not demonstrated that satisfaction.

Source: PDF pp.83–90, paragraphs 53–60; pp.95–96, paragraph 67

## 03 JUDICIAL DECISION

The Court rejected ITA 704/2018 and expressly confirmed both Tribunal orders for AY 2011-12. It found no infirmity warranting interference with the jurisdictional quashing; it did not restore the assessment or remit the underlying additions for merits adjudication.

Source: PDF pp.95–97, paragraphs 67–68 and order

## 04 OUTCOME / IN WHOSE FAVOUR

The assessee retained the Tribunal's jurisdictional relief for AY 2011-12. The source's narrative includes Lakshmi Aruna's assessments and inconsistent Tribunal-year references; the caption and operative order unequivocally identify Gali Janardhana Reddy, ITA 704/2018 and ITA 1450/Bang/2014. Her income figures are not attributed to him here.

Source: PDF pp.9–20; pp.1–2 and 97

## 05 EXPERT COMMENTS

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

Identify the controlling year before testing jurisdiction: The difference between the 2010 search and December 2012 receipt/satisfaction was decisive: AY 2011-12 fell within the other-person period adopted by the Court. Merely labelling it the search-year assessment under section 144 did not answer the section 153C objection. This describes the regime and dates adjudicated here. (PDF pp.83–85, paragraphs 53–54)

A common officer does not dispense with satisfaction: The missing element was satisfaction in the searched-person capacity, not simply physical transfer between offices. Obtain the actual dated note and its statutory capacity; a note in the other person's file cannot be assumed to satisfy the prerequisite. Revenue failed to establish the necessary record here. (PDF pp.88–90, paragraph 59; pp.95–96, paragraph 67)

Keep rectification and the main appeal distinct: Revenue amended its appeal after an objection that challenging only the miscellaneous order was insufficient. The final order confirms both the main decision and rectification refusal. The procedural history does not establish a general power to reopen merits through section 254(2). (PDF pp.79–80, paragraphs 45–47; p.97, order)

Jurisdictional relief has defined factual limits: The quashing does not validate individual income or expense claims. Passages concerning Lakshmi Aruna, her children and her Tribunal appeals cannot supply Gali Janardhana Reddy's assessment facts. Use the caption and final order for identity, and keep the two taxpayers' dockets distinct. (PDF pp.9–20; pp.95–97)

Source: PDF pp.83–85, paragraphs 53–54

## SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 98-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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