Principal Commissioner of Income Tax & Anr. v. Smt. G. Lakshmi Aruna

I.T.A. No. 705/2018

I.T.A. No. 705/2018 (Karnataka High Court, 2023-03-31) | 2023-03-31

Section 153C satisfaction and reckoning of six assessment years

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 orders concerning Lakshmi Aruna for AY 2011-12. Searches of third parties on 25 October 2010 led to section 153C proceedings for earlier years and an assessment under section 144 read with section 153D for AY 2011-12. The Tribunal quashed the assessments on 18 October 2016 for want of satisfaction recorded by the searched person's Assessing Officer, and rejected Revenue's rectification application on 6 March 2018. Revenue amended its High Court appeal to challenge the main order as well.

Source: PDF pp.1–6,60–65,83–86

02 DISCUSSION BY THE HON'BLE COURT

Applying RRJ Securities, the Court reckoned the other person's six-year period from the receipt of material, associated here with the satisfaction note dated 14 December 2012. The resulting AY 2007-08 to AY 2012-13 span included AY 2011-12. Calling that assessment an ordinary search-year assessment did not dispense with section 153C conditions. Following Calcutta Knitwears and Gopi Apartment, the Court also held that the common identity of the officers did not dispense with recorded satisfaction in the searched-person capacity. Revenue could not demonstrate that foundation.

Source: Paras 47–53,57–59,66; PDF pp.85–96,101–102

03 JUDICIAL DECISION

The Court rejected Revenue's ITA 705/2018 and confirmed both the 6 March 2018 order in MP 152/Bang/2016 and the 18 October 2016 order in ITA 1457/Bang/2014 for AY 2011-12. The operative order does not direct a fresh assessment or remand.

Source: Operative order; PDF p.103

04 OUTCOME / IN WHOSE FAVOUR

The assessee retained the Tribunal's jurisdictional relief for AY 2011-12. This is a final rejection of Revenue's appeal, not a determination that each disputed business receipt, partnership item or expenditure was exempt or allowable on its merits. Subsequent proceedings are not verified.

Source: Paras 66 and order; PDF pp.101–103

05 EXPERT COMMENTS

Fix the statutory year before testing the assessment label — The decisive comparison is between the October 2010 search and the December 2012 receipt/satisfaction date for the other person. Paragraph 53 expressly places AY 2011-12 within the six years from AY 2007-08 through AY 2012-13. This defeats Revenue's attempt to avoid the section 153C foundation merely by describing the assessment as an ordinary assessment for the year of search. The calculation is this judgment's application to its facts and statutory setting; it is not a substitute for checking the applicable statutory version in another case.

A common officer still needs a demonstrable jurisdictional record — The practical inquiry is whether a contemporaneous record shows satisfaction in the capacity of the searched person's Assessing Officer, followed by lawful proceedings against the other person. Physical transfer between two different officers is not the point when the officer is common. Paragraph 66 records Revenue's inability to show the required satisfaction; the result cannot be reduced to a mere file-location objection or a rule that every common-officer case is invalid. Review the actual note, capacity, date and seized material before applying this reasoning.

Keep the operative case identity and the scope of relief intact — The caption and final order identify MP 152/Bang/2016 and ITA 1457/Bang/2014. Body references to MP 149 and ITA 1450, and inconsistent income figures, should not generate extra cases or a quantified tax benefit. Earlier-year proceedings explain the jurisdictional controversy, while this appeal concerns AY 2011-12. Long extracts of party submissions and precedents do not turn the dismissal into a ruling on every disputed receipt or deduction. Subsequent treatment has not been checked.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Karnataka High Court judgment; verified source copy

Complete 103-page supplied source; all pages read.

All 103 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

Only source-supported provisions are indexed; no Income-tax Act, 2025 equivalence is 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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