Principal Commissioner of Income Tax, Central Circle, Bengaluru v. Smt. Umah Agarwal and Income Tax Settlement Commission

WP 11153/2020 (T-IT); 2024:KHC:31915

2024:KHC:31915 | 2024-08-09

Revenue challenge to a reasoned settlement order rejected within the narrow scope of judicial review.

245C | 245D | 245F | 245-I | 115BBE | 69

High Court of Karnataka | Single Judge | Justice S. Sunil Dutt Yadav

Assessment years: 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20

Scope of this order

The assessee retained the settlement on this evidentiary record. The decision does not exempt every voluntary disclosure or cash gift from section 115 BBE.

01 FACTS OF THE CASE

Revenue challenged the 11 March 2020 settlement concerning AYs 2012-13 to 2019-20. The Commission accepted additional income of Rs.2,20,00,000 as fair and reasonable, granted penalty/prosecution immunity and retained interest under sections 234 A, 234 B and 234 C. The dispute involved jewellery valuation and the assessee's explanation of cash gifts.

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02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished settlement from ordinary assessment and applied limited judicial review. The Commission had addressed Revenue's objections and the Rule 8 affidavit; no contrary material rebutted the gift explanation. Revenue had not established the particular deeming provision and conditions needed for its section 115 BBE claim.

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03 JUDICIAL DECISION

The reasoned settlement order was left undisturbed and Revenue's writ petition was rejected.

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04 OUTCOME / IN WHOSE FAVOUR

The assessee retained the settlement on this evidentiary record. The decision does not exempt every voluntary disclosure or cash gift from section 115 BBE.

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05 EXPERT COMMENTS

A settlement challenge must engage the limited review standard — Sections 245 D, 245 F and 245-I were considered in the context of settlement finality. The judgment examines legality, procedure and the nexus between reasons and decision, rather than conducting a fresh ordinary assessment.

Identify the predicate before invoking section 115 BBE — The Court noted that the relevant deeming provisions have distinct conditions and that Revenue had not specified and established the applicable basis. The conclusion rests on this record and the accepted explanation, not a blanket settlement exemption.

Keep valuation, disclosure and interest distinct — The claimed jewellery valuation difference was not accepted without evidence of consideration exceeding invoices. The Rs.2,20,00,000 settlement disclosure is distinct from the search-statement amount; penalty/prosecution immunity did not mean all statutory interest was waived.

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SOURCE & VERIFICATION

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STATUTORY SCOPE

The case concerns the historical Chapter XIX-A settlement regime and the pleaded section 115BBE treatment. It does not establish present eligibility for a new settlement application.

LATER TREATMENT

Source checked 2026-10-21. Subsequent judicial treatment has 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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