The Pr. Commissioner of Income Tax (Central), Bengaluru & Anr. v. M/s Atria Wind (Kadambur) Pvt. Ltd.

ITA No. 103 of 2025 (in ITAT ITA No. 692/Bang/2024)

2025:KHC:34452-DB | ITA No. 103 of 2025 | 2025-09-03

Atria Wind AY 2017–18: Revenue appeal dismissed; section 47(xiii) findings and absence of incriminating search material sustained.

Income-tax Act, 1961: sections 2(47), 47(xiii), 132, 143(3), 153A and 260A

High Court of Karnataka | 2-judge bench (Division Bench) | Chief Justice Vibhu Bakhru | Justice C.M. Joshi

Assessment years: 2017-18

Scope of this order

The assessee's Tribunal relief remained intact on both the recorded conversion findings and the absence of incriminating search material.

01 FACTS OF THE CASE

Revenue challenged the Tribunal's 15 October 2024 order for AY 2017–18. After the 17 December 2020 search, the AO made a capital-gains addition of Rs.1,91,95,68,251 and determined total income of Rs.1,89,11,81,757. The dispute concerned conversion of Perpetual Investments partnership into the assessee company and compliance with section 47(xiii).

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02 DISCUSSION BY THE HON'BLE COURT

The Court found no infirmity in the Tribunal's factual conclusions on section 47(xiii)(a) and (c), and noted the lack of supporting analysis for the AO's share-ratio objection. Independently, applying Abhisar Buildwell and its treatment of completed assessments, it held the business documents found in the search were not incriminating. Board resolutions, an advocates' note, valuations and partnership deeds were ordinary business records, with no allegation of concealment.

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03 JUDICIAL DECISION

The section 153A reassessment could not be sustained on this record. No substantial question of law arose; Revenue's appeal and pending applications were disposed of by dismissal of the appeal.

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04 OUTCOME / IN WHOSE FAVOUR

The assessee's Tribunal relief remained intact on both the recorded conversion findings and the absence of incriminating search material.

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05 EXPERT COMMENTS

Keep the two supporting grounds distinct — The section 47(xiii) factual conclusion and the search-jurisdiction ground each mattered. The order does not establish that every conversion is tax-neutral merely because no incriminating document was found.

A document found in a search is not automatically incriminating — The Court examined what these records were and noted no concealment allegation. This is an assessment of their character on the record, not categorical immunity for board minutes, valuation reports or legal notes in every search.

Preserve the completed-assessment limitation — The reproduced Abhisar reasoning distinguishes completed from pending assessments and preserves sections 147/148 subject to their conditions. A summary should not claim that absence of incriminating material extinguishes every assessment power.

Do not silently resolve the source's attribution problem — Paragraph 2 describes a 30 March 2022 order as passed by CIT(A) under 153A read with 143(3), while paragraphs 3–4 separately discuss assessment and appellate steps. That wording is retained as a source ambiguity; the underlying orders are needed to settle the chronology.

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SOURCE & VERIFICATION

High Court of Karnataka official judgment PDF - AKHB Repository (20250903_KAHC010345582025.pdf)

16-page official High Court of Karnataka judgment PDF (20250903_KAHC010345582025.pdf, 114,446 bytes).

Complete source text and every original page visually reviewed; identity and SHA-256 checked. AI-assisted source analysis.

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All 16 physical source pages read and visually inspected. SHA-256: df29ba2a82d29d73f6c9191ac0eb113c279f334f2c70d8718c27dc048e753418.

STATUTORY SCOPE

The judgment applies the section 153A incriminating-material rule for completed assessments and records section 47(xiii) findings. Sections 147/148 are discussed within the quoted precedent, subject to their own conditions.

LATER TREATMENT

Source checked 2026-10-21. Subsequent judicial treatment has not been independently verified.

AI DISCLOSURE

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