Sri S.V. Srinivasa Babu v. Deputy Commissioner of Income-tax (Investigation), Circle-2(1), Bengaluru

ITA No. 27 of 2015

2025:KHC:38654-DB | ITA No. 27 of 2015 (Karnataka High Court, decided 24 September 2025) | 2025-09-24

Section 249(4)(a) payment mandatory despite challenge to the block return; conditional restoration on deposit within three months of judgment.

Income-tax Act, 1961: sections 158BC, 249(4)(a), 260A

High Court of Karnataka | 2-judge bench (Division Bench) | Hon'ble Mr. Justice S.G. Pandit | Hon'ble Mr. Justice K.V. Aravind

Assessment years: Block Period 01.04.1988 to 27.03.1999

01 FACTS OF THE CASE

After the 27 March 1999 search, a section 158BC notice was issued on 21 June and served on 3 July 1999. The block return filed on 12 January 2000 admitted Rs.40 lakh, without payment of the admitted tax. Assessment followed on 26 March 2001. Following earlier delay proceedings, CIT(A) rejected admission for non-payment; ITAT upheld that bar on 19 September 2014 in ITA(SS)A 15/Bang/2012. The assessee argued that the late return was invalid and could not trigger section 249(4)(a).

Source: PDF p.2

02 DISCUSSION BY THE HON'BLE COURT

The statutory appeal right was subject to payment under section 249(4)(a), with no waiver power for that clause. Reading “valid” before “return” would impermissibly rewrite the provision. The Court distinguished T. Govindappa Setty’s writ context and declined to decide the block assessment’s validity because that merits issue did not arise from the admission-bar order. It nevertheless accepted a later request for time to pay so the assessee would not be left remediless.

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03 JUDICIAL DECISION

The appeal was disposed of with legal questions answered for Revenue. Deposit was permitted within three months from 24 September 2025. On deposit, delay before CIT(A) was condoned and appeal ITA.26/R-9/CIT(A)/IV/2001-02 was to be adjudicated; the operative order set aside CIT(A)’s order dated 11 December 2010 on that condition. Tax already paid concerning this return must be adjusted. CIT(A) was to decide within six months after restoration, subject to cooperation.

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04 OUTCOME / IN WHOSE FAVOUR

The assessee obtained a conditional route to merits, not waiver of admitted tax or a ruling that the return or assessment was invalid. The judgment does not report whether the deposit was later made.

Source: PDF p.12

05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

An admission condition precedes the merits challenge — The taxpayer could not bypass admitted-tax payment merely by describing the return as non est. The Court treated admission as the gateway to deciding that contention and expressly left the block assessment's correctness unresolved. This distinguishes an adverse maintainability ruling from a decision affirming every assessed addition.

Conditional restoration did not create a waiver power — The relief responded to an offer to pay: three months ran from the judgment itself, followed by the directed restoration and six-month disposal period. Preserve proof of timely deposit and available tax credits when implementing such an order. This source does not establish an unconditional right to revive any appeal at any later time.

Use the operative directions without inventing missing figures — The source gives Rs.40 lakh as returned income but does not quantify the admitted tax or prior payments. Paragraph 4.1 refers to a CIT(A) order dated 27 February 2009, while the operative clause names 11 December 2010. Those statements should be checked against the underlying appellate record for implementation; quantified tax credits and the assessed-income figure require the underlying records.

Source: PDF p.4

SOURCE & VERIFICATION

High Court of Karnataka official judgment PDF — AKHB Repository (20250924_KAHC010146062015.pdf)

14-page official High Court of Karnataka order/judgment PDF (20250924_KAHC010146062015.pdf, 126,727 bytes).

All 14 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All 14 physical pages of 20250924_KAHC010146062015.pdf (126,727 bytes, SHA-256: fe2f38ed576c24ee74802ebb91942346674c77995a0638887df797a22a6e6acf) extracted and verified page-by-page. Google Drive File ID in 1_Substantive_Precedents: 1iPn2DWrWBiQ_n0DwtZo2CIe3Ht5z65F2.

STATUTORY SCOPE

The case concerns the historical block period 1 April 1988–27 March 1999. The deposit period runs from the judgment date, not receipt. The source contains different CIT(A) dates in its narrative and operative order.

LATER TREATMENT

Source checked 2026-10-21. Subsequent 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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