Principal Commissioner of Income Tax & Anr. v. Shri Ramesh Ramachandra Rao

Income Tax Appeal No. 69 of 2024

2026:KHC:5017-DB | ITA No. 69 of 2024 | 2026-01-29

Additions to a concluded assessment under section 153C failed for absence of incriminating material relating to undisclosed income.

Income-tax Act,1961: sections 153C, 260A

High Court of Karnataka | 2-judge bench (Division Bench, Bengaluru) | Justice S.G. Pandit | Justice K.V. Aravind

Assessment years: 2011-12

01 FACTS OF THE CASE

Revenue challenged the ITAT order dated 14 February 2022 in ITA 160/Bang/2021 for AY 2011-12 and sought condonation of 574 days' delay. The AO had made a section 153C assessment on 27 March 2015 following the search in R. R. Gold Palace Pvt. Ltd. The CIT(A) dismissed the assessee's appeal on 19 March 2021; the Tribunal set aside the additions to the concluded assessment.

Source: PDF pp.3–4, paras 1–3.1

02 DISCUSSION BY THE HON'BLE COURT

The Tribunal found that the additions were not based on material found during the search and applied CIT v. IBC Knowledge Park Pvt. Ltd. (2016)385 ITR 346. Revenue's counsel could not dispute the submissions supporting that result. The High Court held that incriminating material relating to undisclosed income was necessary to disturb this concluded assessment of the other person under section 153C.

Source: PDF pp.4–5, paras 3.1–7

03 JUDICIAL DECISION

No substantial question of law arose. For that reason, the application for condonation and the appeal were both dismissed.

Source: PDF p.6, paras 7–8

04 OUTCOME / IN WHOSE FAVOUR

Revenue unsuccessful; Tribunal's deletion of the additions remained intact.

Source: PDF p.6, paras 7–8

05 EXPERT COMMENTS

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

Concluded status and the material nexus work together: The reasoning is tied to a concluded assessment and the absence of incriminating material relating to undisclosed income. The fact that a search occurred in another person's case was insufficient. For practical application, the assessment's status and the actual connection between seized material and the challenged addition must both be established; the judgment does not dispense with that factual comparison. (PDF p.5, para 6)

The search description does not prove the additions: The history describes an assessment following seized material in R. R. Gold Palace's search, while the decisive finding is that these additions were not based on search material. Those statements address different questions. A general search reference cannot substitute for identifying the material said to support the particular addition to a concluded assessment. (PDF pp.3–5, paras 3–6)

The delay disposal is consequential here: The Court dismissed the 574-day condonation application because it found no substantial question in the appeal. It did not give a separate adverse finding on the sufficiency of Revenue's explanation for delay. The order therefore supports the stated section 153C result, not a general proposition that a delay of that duration must be refused. (PDF pp.3,6, paras 1,7–8)

Source: PDF p.5, para6

SOURCE & VERIFICATION

High Court of Karnataka official judgment PDF - AKHB Repository (20260129_KAHC010059082024.pdf)

Complete 6-page original read and every page visually reviewed; source bytes verified. Commentary is editorial analysis of this order, not current-law clearance.

Full original and all five note panels re-reviewed on 21 October 2026; unsupported supplied assertions removed.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Only provisions expressly stated in this order are indexed. Subsequent treatment and current law have not been 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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