Commissioner of Income Tax, Central-I, Chennai v. M/s. SRM Systems and Software Pvt. Ltd.

T.C.(A). Nos. 1050 to 1058 of 2015, 1070 to 1078 of 2015, 1005 to 1008 of 2010 & 1018 to 1020 of 2010

2025:MHC:294 | 2025-01-29

Section 153C: searched-person assessment note did not record satisfaction concerning SRM; all 25 Revenue appeals dismissed.

Income-tax Act,1961: sections 132, 153A, 153C, 158BD, 69C, 263, 260A

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Justice R. Suresh Kumar | Justice C. Saravanan

Assessment years: 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06

01 FACTS OF THE CASE

A 12 August 2004 search at the chairman's premises led to assessments of SRM as the other person for AYs 1999-00 to 2005-06. The 25 appeals covered salary-expenditure additions, later assessment proceedings and Tribunal rectification refusals. On original-record production, available notes for three years referred only to section 153A action against the searched person.

Source: PDF pp.2–16, tables pp.9–11

02 DISCUSSION BY THE HON'BLE COURT

The Court applied Manish Maheshwari, Calcutta Knitwears and CBDT Circular 24/2015. Even a common AO must record satisfaction concerning the other person. Super Malls was distinguished because its note specifically linked seized documents to that person; SRM's available notes contained no such statement, and no separate qualifying note was produced.

Source: PDF pp.24–35,43–47

03 JUDICIAL DECISION

All 25 Revenue appeals were dismissed. The questions of law were answered for the assessee, without costs, and connected miscellaneous petitions were closed.

Source: PDF pp.47–48, paras 53–54

04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's orders remained undisturbed for want of valid section 153C jurisdiction. The Court did not independently determine the truth of the salary payments.

Source: PDF pp.8–11,47–48

05 EXPERT COMMENTS

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

Common officer does not mean common satisfaction: The defect was substantive: the notes mentioned only escaped income and section 153A action for the searched person. Super Malls was distinguished on the absence of any recorded link to SRM. The decision requires that distinct satisfaction, rather than mechanically demanding two separate sheets where one properly framed note addresses both capacities. (PDF pp.43–47)

The original record settled the factual dispute: The Court called for the files and an affidavit. Three years' notes were available; other files were not traced. Even assuming identical notes for those years, they would not establish satisfaction about the other person. A challenge should identify the note, relevant seized material and capacity in which the AO recorded satisfaction, rather than rely only on common jurisdiction. (PDF pp.12–16,44–46)

Preserve the limits of the common disposal: The 25 dockets comprise three batches, including seven salary-expenditure appeals. All were dismissed, but the reasoning addresses jurisdiction, not an independent section 69C evidentiary test or a detailed answer on the search-year objection. Circular 24/2015 supported withdrawal of non-compliant litigation; the Court nevertheless adjudicated these appeals. Source dates for the intermediate orders are inconsistent, so their chronology requires the underlying orders. (PDF pp.7–11,34–35,47–48)

Source: PDF pp.43–47

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 49-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

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

STATUTORY SCOPE

Current law and subsequent treatment not 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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