

Director of Income Tax (International Taxation) & Others v. Dolphin Drilling PTE Limited

Special Appeal No. 285 of 2015 (arising out of WPMS No. 200 of 2011)

2025:UHC:7097-DB | Special Appeal No. 285 of 2015 | 2025-08-12

Reassessment notice under section 147/148 where depreciation of Rs. 131.71 crore was allowed on drilling ship 'Belford Dolphin' later found to be owned by Fred Olsen Drilling A.S.: Single Judge erred in quashing section 148 notice at threshold; Special Appeal of Revenue allowed.

Income-tax Act, 1961: sections 32, 143(3), 147, 148 and 254

High Court of Uttarakhand | 2-judge bench (Division Bench) | Manoj Kumar Tiwari, J. | Subhash Upadhyay, J.

Assessment years: 2004-05 / 2005-06 (see WPMS No. 200 of 2011)

Reverses Single Judge writ order and revives section 147/148 reassessment on ownership of drilling ship 'Belford Dolphin'

Note that the judgment spells the drilling vessel as 'Bellford Dolphin'. The Division Bench held that earlier CIT(A)/ITAT orders had only examined the quantum of depreciation and had never adjudicated the newly discovered factual dispute as to whether Fred Olsen Drilling A.S. (rather than the respondent) owned the vessel.

01 FACTS OF THE CASE

The respondent claimed depreciation of Rs. 305.73 crore (and was allowed Rs. 131,71,89,885) representing itself as the owner of the deep-water drilling ship 'Bellford Dolphin'. During assessment proceedings for AY 2005-06 in the case of a related entity (M/s. Dolphin Drilling Ltd.), the Department received evidence from ONGC showing that 'Bellford Dolphin' was owned by Fred Olsen Drilling A.S., which had executed an MOU to make the vessel available for ONGC's tender. The ADIT (International Taxation) issued a notice under section 148 and rejected the respondent's objections on 20.12.2010. By judgment dated 03.04.2015 in WPMS No. 200 of 2011, the Single Judge quashed the section 148 notice on the ground that depreciation had been accepted by the CIT(A) and ITAT in AYs 2004-05 and 2005-06.

Source: [Paragraphs 1-8; PDF pp. 1-3](#)

02 DISCUSSION BY THE HON'BLE COURT

Relying on *Raymond Woollen Mills Ltd. v. ITO* ((1999) 236 ITR 34 (SC)) and *Phool Chand Bajrang Lal v. ITO* ((1993) 203 ITR 456 (SC)), the Division Bench held that at the stage of a section 148 notice the Court only examines whether there is prima facie material to form a belief of escapement. In the earlier appeals before the CIT(A) and ITAT, only the quantum of depreciation had been in issue, whereas the newly discovered factual question of whether the respondent was actually the owner of the drilling ship 'Bellford Dolphin' had never been considered and had to be adjudicated by the statutory authorities under the Act.

Source: [Paragraphs 12-19; PDF pp. 5-9](#)

03 JUDICIAL DECISION

Allowed Special Appeal No. 285 of 2015 and set aside the Single Judge's judgment dated 03.04.2015 in Writ Petition (M/S) No. 200 of 2011.

Source: [Paragraph 19; PDF p. 9](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue - Special Appeal No. 285 of 2015 allowed; Single Judge judgment dated 03.04.2015 in WPMS No. 200 of 2011 quashing the section 148 notice set aside.

Source: [Paragraph 19; PDF p. 9](#)

05 AKHB REVIEW POINT

AKHB analysis: under the third proviso (merger clause) to pre-2021 section 147, merger with an appellate order on the rate/quantum of depreciation under section 32 does not bar reopening when subsequent tangible material from a third party (such as ONGC contract records) reveals that the assessee was not the owner of the asset at all.

Source: [Paragraphs 12-19; PDF pp. 5-9](#)

SOURCE & VERIFICATION

[High Court of Uttarakhand official judgment PDF - AKHB Cloud Repository \(20250812_UKHC010013602015.pdf\)](#)

9-page official High Court of Uttarakhand judgment PDF (20250812_UKHC010013602015.pdf).

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STATUTORY SCOPE

Applies sections 32, 147 and 148 of the Income-tax Act, 1961. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-18. Full primary judgment PDF read page-by-page and verified against the AKHB Google Drive repository. Comprehensive subsequent judicial treatment has not been independently verified.

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