

Assistant Commissioner of Income Tax & Another v. M/s. Omaxe Limited

Civil Appeal No. 9190 of 2013

2026 INSC 1000 | 2026-09-16

Settlement finality bars reassessment of a deduction covered by the settlement order

245C | 245D(4) | 245D(6) | 245F(2) | 245F(4) | 245-I | 147 | 148 | 80-IB(10) | 143(2), 143(3) | 132, 133A | 154

Two-judge Bench | S.V.N. Bhatti | N. V. Anjaria

Assessment years: 2006-07

01 FACTS OF THE CASE

Omaxe, a real-estate company, filed its return for assessment year 2006-07 claiming a housing-project deduction under section 80-IB(10). While its assessment was pending, it applied for settlement on 31 May 2007 for AYs 2000-01 to 2006-07. The Income Tax Settlement Commission passed its final order under section 245D(4) on 17 March 2008. For the year in issue, it accepted an additional income disclosure of Rs.18 lakh and determined taxable income at Rs.89,38,76,630, incorporating the deduction claimed in the return. Only AY 2006-07 was in dispute in this appeal. [Judgment, paras. 1-2, 7, PDF pp. 1-6](#)

Following a survey in December 2009, the Revenue alleged that documents concerning proposed transfers of commercial portions of housing projects to subsidiaries showed that the deduction had been wrongly claimed. It issued a section 148 notice on 30 June 2010 and, on 8 November 2011, reassessed the company by disallowing the deduction and adding Rs.65,65,17,999. These allegations were the Revenue's basis for reopening; they were not findings by the Supreme Court that Omaxe had committed fraud. [Judgment, paras. 3-5, PDF pp. 3-6](#)

The Revenue also applied to the Settlement Commission under section 245D(6), alleging misrepresentation. The Commission rejected that application on 16 December 2011, finding that the survey material did not establish misrepresentation and that a dispute over what constituted an eligible project was a legal dispute. The Delhi High Court subsequently quashed the reassessment notice and order in its judgment of 13 July 2012. The Revenue appealed to the Supreme Court. [Judgment, paras. 1, 8-13, PDF pp. 1-13](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

02 DISCUSSION BY THE HON'BLE COURT

The Hon'ble Court identified the controlling question as the Assessing Officer's jurisdiction to reopen an aspect covered by a final settlement order. The Revenue argued that settlement concerned only the additional undisclosed income and did not adjudicate the section 80-IB(10) deduction. The assessee answered that the settlement computation necessarily included the deductions used to arrive at total taxable income and that the Commission's final order could not be split into settled and independently reassessable components on the Revenue's proposed basis. [Judgment, paras. 15-16.1, 21, PDF pp. 13-23](#)

The Court treated Chapter XIX-A as a self-contained settlement framework. Drawing on Express Newspapers and Brij Lal, it explained that settlement concerns the case for the assessment year, rather than only the additional income volunteered in the application. In this case, the return, deductions and computation of taxable income were part of the admitted settlement process. Once concluded under section 245D(4), that determination attracted statutory finality; the Revenue could not use ordinary reassessment powers to revisit the covered deduction. [Judgment, paras. 18\(B\), 19\(C\)-\(E\), 21, 23, PDF pp. 17-28](#)

Finality did not remove the remedies provided within the settlement scheme or the constitutional courts' limited judicial review. Fraud or misrepresentation could be pursued through section 245D(6), with ordinary assessment machinery restored if the settlement was duly displaced through that route. An independent invocation of sections 143(2), 148 or 154 to reopen the settlement would defeat the statutory arrangement. Of particular importance, the Revenue had already used section 245D(6), and the Commission's rejection of its application had become final. [Judgment, paras. 17, 22\(H\), 24-26, PDF pp. 15-30](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

03 JUDICIAL DECISION

The Supreme Court dismissed the Revenue's appeal. The Delhi High Court's quashing of the section 148 notice and the reassessment order therefore remained undisturbed. The decision rests on the finality and jurisdictional consequences of the settlement order, reinforced by the final rejection of the Revenue's section 245D(6) application; it does not independently determine whether each project satisfied the substantive conditions of section 80-IB(10). [Judgment, paras. 21, 23-28, PDF pp. 22-30](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee (M/s. Omaxe Limited)

Revenue's Civil Appeal No. 9190 of 2013 dismissed; the assessee's protection against the impugned reassessment was sustained. Pending applications were disposed of. [Judgment, paras. 27-28, PDF p. 30](#)

See decision and scope limits

Source: See the proposition-specific paragraph and PDF-page links in the text.

05 AKHB REVIEW POINT

The practical point is to identify the scope and operative computation of the final settlement before assessing a later reopening notice. Here, a deduction embedded in the settled taxable-income computation could not be isolated merely because it was not itself the additional disclosure. The decision should be indexed principally under settlement finality and reassessment jurisdiction, with section 80-IB(10) as the underlying issue. It should not be presented as a blanket validation of housing-project deductions or as immunity for settlements established through the proper statutory process to have been obtained by fraud or misrepresentation. [Judgment, paras. 21, 23-26, PDF pp. 22-30](#)

Source: See the proposition-specific paragraph and PDF-page links in the text.

CONNECTED APPEAL: Civil Appeal No. 9190 of 2013

disposition: Dismissed

in whose favour: Assessee

SOURCE & VERIFICATION

[Original Hon'ble Supreme Court PDF](#)

Complete identified source PDF: 30 pages. Original bytes preserved.

[Open cited source rendition](#)

No independent merits determination of project-wise section 80-IB(10) eligibility.

No ruling on a live, successful challenge to a settlement based on fraud or misrepresentation; the Revenue's actual application had failed and become final.

The wide procedural roadmap in paragraph 22 is not reproduced as an independently verified current-law practice guide.

Paragraph 2 refers to an alternate departmental deduction figure of Rs.79,17,72,794, while the paragraph 7 table shows Rs.78,99,00,509 as section 80-IB deduction and Rs.79,17,72,494 as aggregate Chapter VI-A deductions. The review avoids the inconsistent aggregate figure.

Paragraph 2's description of income before deductions is inconsistent with the paragraph 7 table. The review reports only the final taxable-income computation needed for the settlement point.

The source describes the commercial-area restriction as section 80IB(10)(vi). This review uses section 80-IB(10) without independently endorsing that sub-clause label.

STATUTORY SCOPE

This review describes the Income-tax Act, 1961 settlement and reassessment provisions as applied to this historical dispute. The judgment's general procedural discussion is not a verified statement of every threshold, time limit, interest rate or currently available settlement remedy. No current statutory consolidation, subsequent amendment, transition/savings analysis or mapping to the Income-tax Act, 2025 has been verified; none should be inferred from the decision date. Later judicial treatment has not been verified.

LATER TREATMENT

Source checked 2026-10-04. Subsequent appeals, review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[official original - PDF pages: 30](#)

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