

Assistant Commissioner of Income Tax and Anr. v. M/s. Hotel Blue Moon

Civil Appeal No. 1198 of 2010 / Civil Appeal No. 1199 of 2010 / Civil Appeal No. 1200 of 2010 / Civil Appeal No. 1201 of 2010 / Civil Appeal No. 1202 of 2010 / Civil Appeal No. 1203 of 2010

[2010] 2 SCR 282 | 2010-02-02

Whether timely section 143(2) notice was mandatory when the Assessing Officer scrutinised or repudiated a return filed under section 158BC(a), or whether its omission in the historical Chapter XIV-B block assessment was merely a curable procedural irregularity.

143(2) | 143(3) | 158BC | 142 | 158BH

Two-judge bench | S.H. Kapadia, J. | H.L. Dattu, J.

Assessment years: See the source-scope notes; no year inferred.

Historical block-assessment notice rule; statutory version essential

Hotel Blue Moon interprets the then Chapter XIV-B/section 158BC procedure and requires timely section 143(2) notice when the block return is scrutinised or repudiated. The old time-limit language, absence-of-notice conclusion and scheme discussion must not be automatically applied to a different assessment regime, later amendment or cure provision. Check the applicable text, proved dates and subsequent treatment. No current-law or Income-tax Act, 2025 carryover certification is supplied.

01 FACTS OF THE CASE

Six appeals were heard together. In the narrated lead, the Commissioner (Appeals) and Tribunal treated non-issue of section 143(2) notice in block-assessment proceedings as a curable procedural irregularity. The Gauhati High Court disagreed: where the Assessing Officer repudiated the return filed in response to section 158BC(a) and proceeded to enquire, section 142 and section 143(2)/(3) applied mandatorily. Revenue appealed (paragraphs 1-4).

Revenue argued that Chapter XIV-B was a self-contained search-assessment code, the search material and separate section 158BC notice made a further scrutiny notice unnecessary, and the qualifying words in section 158BC(b) made the incorporated procedure optional to the extent practicable. The assessee distinguished accepting the block return from enquiring into it and maintained that timely section 143(2) notice was required in the latter situation. The Supreme Court framed only that notice question; the report supplies no particular assessment years, block periods or search/return/notice dates (paragraphs 5-7).

Source: [reported judgment / paragraphs 1-7](#) / [PDF pages 5, 6, 7, 8, 9](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court described the then Chapter XIV-B scheme as an additional assessment of undisclosed income detected through search or requisition, rather than a substitute for ordinary assessment. Section 158BC prescribed the searched-person procedure and section 158BH applied the other provisions subject to the Chapter's exceptions. CBDT Circular No. 717 of 14 August 1995 also described the application of sections 142, 143(2)/(3) and 144 (paragraphs 8-14, 17).

Section 158BC(b) incorporated specified assessment provisions. The Court distinguished a block return conforming to the undisclosed income inferred by the authorities from a return the officer sought to scrutinise or repudiate. For the latter enquiry and assessment under section 143(3) read with section 158BC, section 143(2) notice within the applicable proviso's prescribed time could not be dispensed with. Omission to issue that notice was not a curable procedural irregularity. The words qualifying the incorporated procedure did not make this requirement optional (paragraphs 15-16).

The historical time discussion must be read carefully: paragraph 5 records the proviso as twelve months from the end of the month in which the return was filed; paragraph 15 first uses a shorter one-year-from-filing formulation, then expressly requires compliance with the time prescribed in the proviso. The holding is stated here by reference to the applicable historical proviso, without turning the shorter phrase into a new deadline computation or a present-law rule (paragraphs 5, 15).

Source: [reported judgment / paragraphs 8-17 / PDF pages 9, 10, 11, 12, 13, 14, 15 / judicial text](#); [reported judgment / paragraphs 5, 15: historical time-limit formulations / PDF pages 7, 12, 13 / judicial text](#)

03 JUDICIAL DECISION

The Supreme Court agreed with the High Court's reasoning and conclusion. Timely section 143(2) notice was mandatory for the scrutiny/repudiation enquiry contemplated by section 158BC(b); its omission was not treated as curable. All six listed appeals were dismissed without costs. The Court ordered no remand and made no separate merits determination of the section 68 addition question reproduced from the High Court proceedings (paragraphs 7, 15-19).

Source: [reported judgment / paragraphs 15-19 / PDF pages 12, 13, 14, 15 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on the notice issue; the lead Revenue challenge failed

Civil Appeal Nos. 1198, 1199, 1200, 1201, 1202 and 1203 of 2010 dismissed; no costs

Final determination of the historical block-assessment notice question; no remand

The reasoning concerns scrutiny or repudiation of a section 158BC(a) return under the then Chapter XIV-B framework. The specific block periods and notice dates are unstated, and no independent section 68 addition merits ruling is supplied.

Source: [reported judgment / paragraphs](#) Reported six-appeal list; 1-2, 18-19 / PDF pages 5, 15 / [reported metadata and judicial text](#)

05 AKHB REVIEW POINT

Identify the search regime, relevant statutory version, return and proposed assessment before applying the notice holding. Separate the initiating section 158BC notice from the incorporated section 143(2) scrutiny notice, and distinguish accepting the disclosed block return from repudiating it after enquiry. The Court's rule concerns the latter course; it does not require an unnecessary scrutiny notice simply because every return is labelled a block return.

Calculate any limitation period from the exact applicable proviso and proved dates, not the report's shortened one-year phrase. This judgment itself notes the old scheme's abolition for searches after 31 May 2003. That historical observation is not a verification of any subsequently enacted search-assessment framework, notice period or curative provision. Preserve the actual disposition of all six appeals and do not manufacture a separate section 68 merits outcome.

Source: [reported judgment / paragraphs 7, 10, 15-19 / PDF pages 9, 10, 12, 13, 14, 15 / judicial text](#); [reported judgment / paragraphs 5: historical proviso time description / PDF pages 7 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Section 143(2) notice for scrutiny/repudiation of a block return

Result: Required within the applicable historical proviso's time; section 158BC(b) did not make it optional

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

PDF pages: 12; 13; 14

Paragraphs: 15-16

Source role: judicial text

2.

Issue: Omission as a curable procedural irregularity

Result: Rejected; notice could not be dispensed with in the contemplated scrutiny assessment

In whose favour: Assesseees

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 12; 13

Paragraphs: 15

Source role: judicial text

3.

Issue: Group disposition

Result: All six listed appeals dismissed without costs; High Court reasoning and conclusion approved

In whose favour: Assesseees on the common notice issue

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 15

Paragraphs: Reported appeal list; 1-2, 18-19

Source role: reported metadata and judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

132; 132A; 132B; 143(1); 144; 145; 158B; 158BA; 158BB; 158BD; 158BE; 158BF; 158BFA; 158BG; 158BI; 113; 234A; 234B; 234C; 271(1)(c); 271A; 271B; 68; 260A

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

H.L. Dattu, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 15 PDF pages; SHA-256

4419390cf7dbbeb170b9382fab4edaa10bcead1e860701bf7689e7675adcae41. Original bytes preserved.

Judicial paragraphs 1-19 on physical pages 5-15 (SCR 286-296), fully read. Physical pages 1-4 and opening of page 5 contain editorial headnote and case references; jurisdiction and appearances precede the judicial text on page 5. No adjacent judgment.

[Open cited source rendition](#)

The bounded judgment does not identify individual assessment years or the actual block period of the lead or companion appeals. Search, return and notice dates for these assesseees are not stated; none are inferred.

The decided question is the historical section 143(2) notice requirement incorporated into Chapter XIV-B by section 158BC(b), reinforced by section 158BH. Other block-assessment provisions are described as scheme context. Section 68 appears in a reproduced High Court question, but its substantive addition issue is not separately decided by the Supreme Court.

The preserved reported eSCR rendition is the primary source; no separately retrieved signed original is claimed. Public URLs are cached acquisition URLs, not newly live-validated links. References to other decisions reproduce this judgment's discussion only; their originals and comprehensive subsequent treatment have not been checked in this review.; The judgment does not state the lead or companion block periods or actual search, return and notice dates. They are not inferred from the dates used to describe legislation.; The first High Court question reproduced on physical page 6 prints notice under section 143(3), while paragraphs 3, 7 and 15-16 establish that the decided notice issue is section 143(2). The note follows the judicial issue and reasoning without silently treating the reproduced question as a different holding.; Paragraph 15 on physical page 12 uses one year from filing, while paragraph 5 on page 7 describes twelve months from the end of the filing month and paragraph 15 on page 13 refers back to the applicable proviso. The note does not substitute the abbreviated phrase for the exact statutory limit.; Physical page 13 prints section 153 BC(b) in one passage; the material provision, repeatedly identified and analysed throughout, is section 158BC(b). The printed slip is not presented as a separate statutory holding.

The report lists Civil Appeal No. 1198/2010 with Nos. 1199, 1200, 1201, 1202 and 1203/2010. Paragraphs 1-2 grant leave and record six appeals heard together on similar facts and the same legal question. The lead derives from the Gauhati High Court judgment dated 9 February 2007 in Income Tax Appeal No. 41/2004. Separate companion parties, block periods and underlying orders are not supplied.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions and assessment years only. No automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment or present-law audit has been performed. Any source-checked comparison is expressly bounded.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 15](#)

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