

Commissioner of Income Tax, Chennai v. S. Ajit Kumar

Civil Appeal No. 10164 of 2010 / Civil Appeal No. 10165 of 2010 / Civil Appeal No. 10917 of 2013 / Civil Appeal No. 4449 of 2015 / Civil Appeal No. 5255 of 2015

[2018] 5 SCR 710 | 2018-05-02

Whether material revealing an unaccounted cash payment, found in a simultaneous survey of the builder connected with a searched assessee, could be used in the assessee's historical block assessment.

158BB(1) | 158BH | 133A

Two-judge bench | R. K. Agrawal, J. | Abhay Manohar Sapre, J.

Assessment years: 2001-02

Historical block assessment and connected-survey evidence

This decision concerns the historical Chapter XIV-B block period 1 April 1996 to 17 July 2002. The permitted simultaneous-survey material remained linked to search evidence under section 158BB. The note is not a current search-assessment manual and makes no automatic mapping to the Income-tax Act, 2025.

01 FACTS OF THE CASE

The Revenue searched the assessee's office and residential premises on 17 July 2002; the search concluded on 21 August 2002. A concurrent survey covered Elegant Constructions and Interiors Ltd., which had constructed and decorated his house at Valmiki Nagar. The survey disclosed an unaccounted cash payment of Rs. 95,16,000 to the builder. The judgment records that search evidence showed understatement of income for the block period 1 April 1996 to 17 July 2002. A section 158BC notice followed on 25 February 2003, and the assessee filed a block return on 11 August 2003 showing nil undisclosed income. Although the investment and builder transaction had been disclosed in the return for assessment year 2001-02, the cash payment had not (paragraphs 2, 8, 10-11).

The Assessing Officer included the payment as undisclosed income in the block assessment dated 31 August 2004. The Commissioner (Appeals) upheld that treatment, but the Tribunal reversed it and the Madras High Court dismissed the Revenue's appeal. The Supreme Court considered the Revenue's appeal with four companion appeals presenting the same question (paragraphs 1-3; reported jurisdiction on PDF page 3).

Source: [reported judgment / paragraphs 1-3, 8, 10-11 / PDF pages 4, 5, 6, 7 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated the search connection as essential. Paragraph 9 refers to evidence found during the search or simultaneous proceedings involving the assessee or connected persons having transactions or dealings with him. More specifically, paragraphs 12-13 reproduce and enforce section 158BB(1): computation must rest on search or requisition evidence and other available material or information relatable to that evidence. The Court stressed that this statutory boundary cannot be departed from.

Section 158BH makes other provisions of the Act applicable unless Chapter XIV-B provides otherwise. The Court quoted Hotel Blue Moon to explain that historical block assessment concerns undisclosed income unearthed through search and supplements, rather than replaces, regular assessment (paragraph 14). Applying sections 158BB and 158BH together with the survey power in section 133A, it held that material collected in a simultaneous survey at the premises of a connected person fell within the provision for other information relatable to search evidence. On these facts, the Assessing Officer could use the adverse material found at the builder's premises (paragraph 15).

Paragraph 16 states that the decisions relied on by the assessee did not lay down the correct law. That statement is recorded in the context of the issue decided here; this note does not assign an independently verified overruling status to every authority listed in counsel's submissions.

Source: [reported judgment / paragraphs 9, 12-16 / PDF pages 6, 7, 8, 9 / judicial text](#)

03 JUDICIAL DECISION

All five Revenue appeals were allowed. The impugned orders were set aside and the Assessing Officers' block-assessment orders were restored. Each party was to bear its own costs (paragraph 17).

Source: [reported judgment / paragraphs 17 / PDF pages 9 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

All five appeals allowed; impugned orders set aside; Assessing Officers' block-assessment orders restored; parties to bear their own costs

Final determination permitting the connected simultaneous-survey material in the historical block assessments; no remand

The holding retains the section 158BB nexus to search or requisition evidence and the simultaneous survey of a connected person. It does not authorise adding any unrelated survey material, treating a standalone survey as a search, or applying this historical procedure to every later assessment regime.

Source: [reported judgment / paragraphs 15, 17 / PDF pages 9 / judicial text](#)

05 AKHB REVIEW POINT

Check the evidentiary chain before using this authority: identify the search, the connected person and simultaneous survey, the search evidence, and the relationship of the additional material to that evidence. The fact that an Assessing Officer possesses information is not a substitute for the section 158BB limitation that the Court expressly preserved. The investment's prior disclosure also did not answer the separate undisclosed-cash-payment finding on these facts.

The result belongs to the historical Chapter XIV-B assessment before the Court. Paragraph 8's reference to section 153A and paragraph 15's broader wording about material obtained by other methods should not be detached from the operative provisions and evidence nexus. Verify the applicable statutory version and later authority before relying on the note for a different search or assessment period.

Source: [reported judgment / paragraphs 8-15 / PDF pages 6, 7, 8, 9 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Use of the builder-survey material in the lead block assessment

Result: The unaccounted Rs. 95,16,000 payment could be included as undisclosed income; the Assessing Officer's order was restored

In whose favour: Revenue

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9

Paragraphs: 11-15, 17

Source role: judicial text

HISTORICAL BLOCK PERIOD

Start: 1996-04-01

End: 2002-07-17

Source paragraphs: 8, 10

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

132; 132A; 158BC; 153A; 142; 143(2); 143(3)

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R. K. Agrawal, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 9 PDF pages; SHA-256

7d7baec03ec022123cc007853801328487c224f78337d78866aa05d806fdab99. Original bytes preserved.

Judicial paragraphs 1-17 occupy physical PDF pages 4-9 (SCR 713-718). Physical pages 1-3 contain the reported cover, editorial headnote, case-law table, jurisdiction and appearances. No adjacent judgment is included.

Open cited source rendition

Assessment year 2001-02 is mentioned in paragraph 11 only for disclosure of the builder transaction. The actual lead assessment is the block period 1 April 1996 to 17 July 2002, expressly stated in paragraphs 8 and 10; no separate years or factual accounts are supplied for the companion appeals.

The operative holding applies historical Chapter XIV-B, particularly sections 158BB and 158BH, to material from a simultaneous section 133A survey. Paragraph 8 mentions section 153A, but the notice and decision are under the historical block-assessment provisions; that reference is not a separate section 153A holding. Sections 142 and 143 appear only in the quotation from Hotel Blue Moon.

The preserved SCR rendition is the source reviewed; no separately retrieved signed original or original-PDF hash is claimed.; Physical PDF pages 1-3 include editorial headnote and related metadata, not the Court's numbered reasons; the note relies on paragraphs 1-17 for the holding.; Paragraph 8 mentions section 153A, while paragraphs 10 and 12-15 and the restored orders concern historical Chapter XIV-B. The note neither silently corrects the source nor converts it into a section 153A ruling.; The Court's paragraph 16 treatment of counsel's cited authorities is not converted into a comprehensive case-by-case overruling certificate.; The lead case supplies the factual account and block dates. No separate companion-appeal factual narratives or assessment years are inferred.

STATUTORY SCOPE

The note addresses the historical statutory and factual setting decided by the Court. No automatic mapping to the Income-tax Act, 2025 or certification of current procedure is made.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent judicial-treatment or present-law audit has been performed. References to authorities in this judgment are not independent treatment checks of those authorities.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 9

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