

Pr. Commissioner of Income Tax Central 2 v. M/s A.A. Estate Pvt. Ltd.

Civil Appeal No. 3968 of 2019

[2019] 6 SCR 188 | 2019-04-16

Whether the High Court could dispose of the Revenue's section 260A appeal after hearing the parties on questions merely urged by the appellant, without judicial formulation or a categorical finding that no substantial question arose.

260A | 260A(2)(c) | 260A(3) | 260A(4) | 260A(5) | 143(3) | 153A | 147 | 148 | 132(4A)

2-judge bench; one judgment delivered by Abhay Manohar Sapre, J. | Abhay Manohar Sapre, J. | Dinesh Maheshwari, J.

Assessment years: 2008-09

IMPORTANT: PROCEDURAL REMAND; TAX MERITS AND CURRENT LAW UNVERIFIED

This 2019 judgment finally decides the section 260A procedure issue, while leaving AY 2008-09 reopening, third-party-document presumption and the addition undecided. Paragraph 25's printed subsection (5) attribution requires the stated 260A(4)/(5) caution. Exact historical/current statutory text, comprehensive later treatment, post-remand outcome and Income-tax Act 2025 mapping remain unverified. The main source is a preserved eSCR mirror report, not an independently authenticated signed original.

01 FACTS OF THE CASE

The assessee-company developed and built properties. For AY 2008-09, the Assessing Officer completed an assessment on 24 December 2009 under section 143(3) read with section 153A and determined total income of ₹7,77,49,790. On 22 September 2010 the officer issued a section 148 reopening notice based on information from ADIT (Investigation), Unit II(2). The proposed addition was ₹1,70,94,000 as alleged unaccounted sale proceeds. The stated foundation was Annexure AB-1, seized during a 30 November 2007 search at another assessee's premises, M/s Ashok Buildcom Ltd. These were the officer's allegations and jurisdictional basis, not Supreme Court findings that the income had escaped assessment. [SCR 189-190; paras 5-10]

The assessee objected that the notice lacked a factual foundation, escaped assessment and reason to believe. The officer rejected the objections and added ₹1,70,94,000 by reassessment dated 30 December 2011. CIT (Appeals) dismissed the assessee's appeal on 21 February 2013; the Tribunal allowed its second appeal on 5 February 2014 and set aside the CIT (Appeals) order. The Revenue's section 260A appeal, ITA 1239/2014, was dismissed by the Bombay High Court on 9 January 2017, affirming the Tribunal. The Revenue then obtained leave in the Supreme Court. The retained report gives Civil Appeal 3968/2019; the later official Ryatar judgment identifies the originating SLP(C) 29524/2017. [SCR 190; paras 11-16; Ryatar para 10]

The dispute before the Supreme Court concerned the manner in which the High Court disposed of the statutory appeal. The two questions reproduced in the High Court's paragraph 2 were introduced as questions urged by the Revenue. They had not been formulated by the High Court for hearing the appeal. The preserved report does not reproduce those two original questions, and they must not be substituted with the three questions later framed by the Supreme Court. [SCR 191; paras 19-25]

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished a party's memorandum from the Court's jurisdictional act of formulation. Questions proposed by an appellant fall under section 260A(2)(c); questions formulated by the High Court fall under section 260A(3). A merits hearing under subsection (4) proceeds on the questions so formulated. Merely setting out the appellant's questions did not satisfy that statutory sequence. [SCR 191; paras 19–23]

The judgment also preserved the threshold route. If the High Court concluded that the proposed questions did not arise or were not substantial questions of law, it should record that categorical conclusion and dismiss the appeal in limine. In this case it instead issued notice, heard both parties on the Revenue's proposals and dismissed the appeal without admission or formulation. The Supreme Court held that this did not conform to the mandatory section 260A procedure. The case does not dispense with the substantial-question threshold or establish that notice alone creates a substantial question. [SCR 191–192; paras 24–26]

Paragraph 25 discusses the respondent's right at the hearing to contend that the formulated question is not involved. The printed report visibly attributes that right, and the expression "such question", to subsection (5). The selected 2011 statutory compilation places the respondent's hearing objection and "such question" in subsection (4), while subsection (5) concerns deciding the question by a reasoned judgment and costs. This cross-reference discrepancy is preserved expressly; the note neither silently rewrites the judgment nor treats its subsection label as a verified quotation of the statute. The subsection (4) proviso also preserves a reasoned power to hear another substantial question where the Court is satisfied it arises, so the judgment's formulation rule should not be restated as an absolute prohibition on additional questions. [SCR 192; para 25; DOR compilation physical 915]

The Supreme Court itself found three substantial questions requiring answers: first, whether the reasons in the 22 September 2010 notice were relevant and sufficient for its issue; second, whether those reasons made out escaped assessment under sections 147/148 for the disputed year; and third, whether section 132(4A)'s presumption could be drawn against this assessee from Annexure AB-1 seized at another assessee's premises, in connection with the ₹1,70,94,000 addition and the notice. Framing these questions is not an answer in the Revenue's favour on any of them. [SCR 192; para 27]

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

Civil Appeal 3968/2019 was allowed. The Bombay High Court's 9 January 2017 order was set aside and the Revenue's appeal was remanded for fresh decision on the three questions framed by the Supreme Court under section 260A(3), to be answered on merits in the subsection (4) hearing. The High Court was to proceed uninfluenced by observations in either the set-aside order or the Supreme Court judgment. Paragraph 30 expressly states that the Supreme Court had expressed no opinion on the underlying merits. No express costs direction appears in the retained judgment; this is not described as an affirmative no-costs order. [SCR 192-193; paras 28-30]

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the procedural appeal only

Allowed; High Court order set aside; remand on three framed questions

Final Supreme Court determination of statutory appellate procedure; underlying reopening/presumption/addition merits expressly open

Reopening, the section 132(4A) presumption and the addition for AY 2008-09 remain undecided; the Supreme Court expressed no opinion on the underlying tax merits.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

For a section 260A record, identify separately the memorandum's proposed questions, the judicial order formulating substantial questions and the questions answered in the judgment. A reproduction of the appellant's list is not by itself proof of judicial formulation. At the threshold, check whether an intelligible finding explains why no substantial question arises; at the merits stage, check that the formulated questions and any properly reasoned additional question match what the Court decides.

Keep this procedural success separate from the reopening dispute. The Court's third question puts the use of another assessee's seized document in issue; it does not decide the scope of section 132(4A) or uphold the ₹1,70,94,000 addition. The original ₹7,77,49,790 is assessed total income, not tax payable, and the proposed/added ₹1,70,94,000 is not a Supreme Court award.

Do not copy paragraph 25's subsection (5) attribution into a statement of statutory wording. The bounded 2011 text locates the respondent objection and additional-question proviso in(4), and reasoned decision/costs in(5). Confirm the relevant historical enactment and later judicial treatment before reliance. The later Ryatar application verifies one use of the formulation rule; it is not a comprehensive good-law check or authentication of current statutory operation. No Income-tax Act 2025 mapping or transition conclusion is made.

Source: See the proposition-specific paragraph and PDF-page references below.

DETAILED DISPOSITION AND CONNECTED GROUPS

Costs: Not expressly addressed

Monetary relief: No Supreme Court quantification, payment, refund or sustained tax liability.

INDIVIDUAL PROCEEDING OUTCOMES

1.

Case number: Civil Appeal No. 3968 of 2019

Originating special leave petition: SLP(C) No. 29524 of 2017, identified in the official later Ryatar judgment para 10; not printed in the retained SCR recital

Underlying proceeding: Bombay High Court ITA 1239/2014; judgment/order 9 January 2017

Other prior proceedings: Assessment 24 December 2009; section 148 notice 22 September 2010; reassessment 30 December 2011; CIT (Appeals)21 February 2013; ITAT 5 February 2014. Lower appeal numbers are not supplied in the retained report.

Outcome: Revenue's Supreme Court appeal allowed; High Court order set aside; Revenue's statutory appeal remanded on three framed questions. No tax addition or reopening ground finally sustained by the Supreme Court.

Costs: No express costs direction in the retained judgment.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Label: Physical 1/SCR 188: report identity and High Court recital; editorial headnote separated

Source url: [Open cited source](#)

Pdf pages: 1

2.

Label: Physical 2-3/SCR 189-190, paras 1-17: facts and appellate history

Source url: [Open cited source](#)

Pdf pages: 2; 3

3.

Label: Physical 4-5/SCR 191-192, paras 19-26: proposed/formulated questions and subsection caution

Source url: [Open cited source](#)

Pdf pages: 4; 5

4.

Label: Physical 5/SCR 192, para 27(i)-(iii): all three unresolved merits questions

Source url: [Open cited source](#)

Pdf pages: 5

5.

Label: Physical 5-6/SCR 192-193, paras 28-30: allowed appeal, remand and no merits opinion

Source url: [Open cited source](#)

Pdf pages: 5; 6

QUESTIONS FRAMED BY THE SUPREME COURT FOR REMAND

1.

Number: 1

Question: Whether the reasons contained in the section 148 notice were relevant and sufficient for issuance of that notice dated 22 September 2010.

Source: SCR 192; para 27(i)

2.

Number: 2

Question: Whether the Commissioner made out escaped assessment within sections 147/148 for the disputed assessment year on the reasons stated in the notice.

Source: SCR 192; para 27(ii)

3.

Number: 3

Question: Whether section 132(4A)'s presumption could be drawn against the respondent from Annexure AB-1 seized at M/s Ashok Buildcom's premises, in relation to the ₹1,70,94,000 addition and the 22 September 2010 section 148 notice.

Source: SCR 192; para 27(iii)

SPECIFIED LATER-TREATMENT FINDINGS AND LIMITS

Status: bounded later application verified publication currentness unverified

Discussion: Ryatar Sahakari Sakkarre Karkhane Niyamit, 1 May 2019, paras 10–12, expressly quotes/applies this formulation rule. No exhaustive citator, later reversal/distinction search, post-remand outcome or current-law clearance is claimed.

Checks

1.

Source: Supreme Court of India official web-derived judgment text

Title: Ryatar Sahakari Sakkarre Karkhane Niyamit v. Asst. Commissioner of Income Tax C-1 & Ors.

Decision date: 2019-05-01

Case numbers: Civil Appeal Nos. 4515–4524 of 2019

Url: [Open cited source](#)

Read bounds: Complete displayed judicial text, paragraphs 1–13, web lines 0–154, reported PDF positions 1–7. No raw PDF download or page images.

Finding: Paragraphs 10–12 quote and apply A.A. Estate to distinguish party-proposed questions from court-formulated questions, then allow the appeals and remit for formulation and fresh hearing. Paragraph 13 leaves underlying tax merits open.

Limit: One later Supreme Court application verified; no exhaustive subsequent-treatment, post-remand outcome or current good-law certification.

AMOUNTS AND THEIR DISTINCT REPORTED ROLES

1.

Amount inr: 77749790

Display: ₹7,77,49,790

Role: Total income determined in the original 24 December 2009 assessment; not a tax demand or Supreme Court award

Source: SCR 189; para 6

2.

Amount inr: 17094000

Display: ₹1,70,94,000

Role: Alleged unaccounted sale proceeds proposed in reopening and added on reassessment; substantive correctness left open on remand

Source: SCR 189–190 paras 8,12; SCR 192 para 27(iii)

REPORTED SOURCE ANOMALIES AND THEIR LIMITS

Printed paragraph 25 on SCR192 cites 260A(5) for a right that the selected 2011 statutory text places in 260A(4); the discrepancy is present in the image, not merely OCR.; The report alternates Ashok Buildcom Ltd. in facts with Ashok buildcom in the third question; the note identifies the same described third-party search without altering the original.; The report contains editorial headnote/recital on physical 1 and judgment on physical 2-6. Nidhi Jain is the reporter credit, not a judge.; The retained eSCR mirror report has printed judicial attribution but no judicial signature block; an independently authenticated signed original has not been verified.

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

260A: operative appellate-procedure ruling; distinguish memorandum proposals, judicial formulation, hearing, dismissal at threshold and reasoned disposal.; 143(3) read with 153A: the originally completed assessment, background only.; 147/148 and 132(4A): expressly framed unresolved merits questions on reopening and a third-party seized document. The Supreme Court decides none of those tax questions.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Abhay Manohar Sapre, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED STATUTORY CHECKS AND THEIR LIMITS

1.

Source: Department of Revenue-hosted Taxmann Income-tax Act 2011 compilation

Url: [Open cited source](#)

Access date: 2026-10-06

Version: 2011 compilation, title leaf verified at physical page 2

Pinpoint: Selected full physical pages 2,914-915; printed 1.873-1.874; section 260A and amendment annotations 43,46-51

Result: Subsection(2)(c) describes the memorandum question; (3) requires judicial formulation; (4) contains hearing on the formulated question, the respondent objection and the reasoned additional-question proviso; (5) requires a reasoned judgment and permits costs. Note 43 dates the insertion of 260A/260B to 1 October 1998. The bracketed National Tax Tribunal words are footnoted as a future-notified insertion in this edition, not operative current law verified here.

Status: bounded historical text and images verified

Limits: Three of 1251 physical pages only. This is not an independently authenticated exact 2016/2017/2019 enacted text, a complete statutory amendment chain or present-law certification. No new request to the stopped 2024(No. 2) 260A endpoint or its alternate route.

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Source: Supreme Court of India official web-derived judgment text

Title: Ryatar Sahakari Sakkarre Karkhane Niyamit v. Asst. Commissioner of Income Tax C-1 & Ors.

Decision date: 2019-05-01

Case numbers: Civil Appeal Nos. 4515–4524 of 2019

Url: [Open cited source](#)

Read bounds: Complete displayed judicial text, paragraphs 1–13, web lines0–154, reported PDF positions1–7. No raw PDF download or page images.

Finding: Paragraphs 10–12 quote and apply A.A. Estate to distinguish party-proposed questions from court-formulated questions, then allow the appeals and remit for formulation and fresh hearing. Paragraph 13 leaves underlying tax merits open.

Limit: One later Supreme Court application verified; no exhaustive subsequent-treatment, post-remand outcome or current good-law certification.

MAJORITY, DISSENT AND OPERATIVE COURT ORDER

One judgment of the Court; no separate concurrence or dissent. Reporter credits are not judicial opinions.

PDF TEXT-ONLY SOURCE CHECKS AND READING LIMITS

1.

Source role: auxiliary only

Title: Ryatar Sahakari Sakkarre Karkhane Niyamit v. Asst. Commissioner of Income Tax C-1 & Ors.

Url: [Open cited source](#)

Read bounds: Complete displayed judicial text, paragraphs 1–13, web lines0–154, reported PDF positions1–7. No raw PDF download or page images.

Raw pdf retained: False

Sha256: Not stated in the reviewed record

Page images read: False

Source url: [Open cited source](#)

Pdf pages basis: Reported by web text extraction; no locally retained raw PDF integrity or page-image verification

Pinpoint: Complete displayed judicial text, paragraphs 1–13, web lines0–154, reported PDF positions1–7. No raw PDF download or page images.

File bytes: Not stated in the reviewed record

Source sha256: Not stated in the reviewed record

Reported web pdf pages: 7

Source format: web extracted pdf text

Provenance: Official web-extracted PDF text only; the reported page count is not a retained raw PDF or page-image verification. Exact read bounds and count basis are preserved.

RETAINED PDF SOURCE CHECKS AND READING LIMITS

1.

Source role: auxiliary only

Title: Department of Revenue-hosted Taxmann Income-tax Act 2011 compilation

Url: [Open cited source](#)

Sha256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

Source sha256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

Source file:

batch_aaestate_rashtrdoot_fresh_review/auxiliary/DOR_IT_Act_English_2011_compilation.pdf

Pinpoint: Selected full physical pages 2,914-915; printed1.873-1.874; section 260A and amendment annotations 43,46-51

Full document read: False

Source url: [Open cited source](#)

Pdf pages: 1251

File bytes: 8394755

Physical pages read: 2; 914; 915

SOURCE & VERIFICATION

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

Identified source rendition: 6 PDF pages; SHA-256

c4cb776baaf2522d9a827c3437b149b0c5306f4fa4f34c7bd46cfd40aecf91a5. Original bytes preserved. Entire6-page report, SCR 188-193; headnote/recital p1 separately treated, full judgment paras 1-30 on pp2-6. No adjacent case. Printed p192 visibly says subsection (5) in para 25; not an extraction-only issue. No signature block or handwritten signatures in the retained report; judge attribution appears in report recital and delivered-by line.

[Open cited source rendition](#)

all frozen primary text and image pages read

headnote and judgment separated

subsection4 and5 caution explicit

procedural finality separated from tax merits

no costs order invented

publication currentness unverified

no2025 mapping claim

author eligibility is not approval or publication

The disputed assessment year is expressly 2008-09; the notice and reassessment dates belong to that dispute and are not later assessment years.

STATUTORY SCOPE

Not verified; no numerical equivalence, savings, transition or automatic precedent-carryover claim.

LATER TREATMENT

Source checked 2026-10-06. not_verified

IDENTIFIED SOURCE LINKS

[identified source - PDF pages: 6](#)

SHA-256: c4cb776baaf2522d9a827c3437b149b0c5306f4fa4f34c7bd46cfd40aecf91a5

[Department of Revenue-hosted Taxmann Income-tax Act 2011 compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

[Ryatar Sahakari Sakkarre Karkhane Niyamit v. Asst. Commissioner of Income Tax C-1 & Ors.](#)

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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