

Ryatar Sahakari Sakkarre Karkhane Niyamit v. Assistant Commissioner of Income Tax C-1 & Others

Civil Appeal Nos. 4515–4524 of 2019

[2019] 8 S.C.R. 183 | 2019-05-01

Reproducing the parties' proposed questions does not satisfy the High Court's duty to formulate substantial questions of law before deciding a section 260A appeal on merits. The assessee obtained a fresh High Court hearing; the Supreme Court did not decide the underlying tax issues.

260A(2)(c) | 260A(3) | 260A(4) | 260A(5)

Abhay Manohar Sapre and Dinesh Maheshwari, JJ.

Tax merits remain undecided

The Supreme Court did not reproduce or answer the four assessee and three Revenue questions. The tax merits remain undecided.

01 FACTS OF THE CASE

The Karnataka High Court disposed of connected tax appeals by dismissing the assessee's appeals and allowing the Revenue's. Its judgment listed four questions proposed by the assessee and three proposed by the Revenue, but the High Court had not itself framed a substantial question of law under section 260A(3).

The assessee challenged that disposal. The Supreme Court confined its consideration to the appellate-procedure defect. The judgment does not set out the seven proposed questions or identify the assessment years and disputed tax amounts.

Source: [Paragraphs 2–9; PDF page 2](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished the appellant's proposed questions under section 260A(2)(c) from questions judicially formulated under section 260A(3). Listing the former in a judgment does not perform the latter exercise.

Applying A. A. Estate Pvt. Ltd., the Court explained that a merits hearing proceeds on properly formulated substantial questions. Where no substantial question arises, the High Court should record that conclusion and reject admission. It cannot substitute an unformulated merits disposal for the prescribed process.

Source: [Paragraphs 8–11; PDF pages 2, 3, 4](#)

03 JUDICIAL DECISION

The Supreme Court allowed the assessee's appeals, set aside the High Court's judgment and remanded the appeals for a fresh hearing after formulation of appropriate substantial questions under section 260A(3).

Source: [Paragraphs 12; PDF page 4](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee, on the appellate-procedure issue. The Supreme Court expressly reserved the tax merits and directed the High Court to decide afresh without being influenced by observations in either judgment. No express costs direction or quantified relief appears in the report.

Source: [Paragraphs 13; PDF page 4](#)

05 AKHB REVIEW POINT

Before a section 260A merits hearing, compare the appeal memorandum with the High Court's admission/formulation order. Identify which substantial questions the Court has actually framed. If another question needs consideration, examine the statutory further-question proviso and the requirement for recorded reasons.

For litigation reporting, describe this result as restoration of a procedurally compliant hearing. It does not establish that any deduction, addition or tax claim succeeded.

Source: [Paragraphs 10-13, including embedded A. A. Estate quotation; PDF pages 3, 4](#)

SOURCE & VERIFICATION

Original judgment (reported SCR copy)

Four-page reported SCR copy, judicial paragraphs 1-13; not an independently authenticated signed original.

Open cited source rendition

STATUTORY SCOPE

The embedded A. A. Estate quotation attributes the respondent's objection to subsection (5); the separately checked historical statute places that right and the further-question proviso in subsection (4). Consult the governing statutory version. Section 365 of the 2025 Act requires a separate applicability and transition check. The selected section 536 savings text does not establish a complete transition analysis or automatic carry-over. These are limited text checks, not verification of the applicable-year or current law.

LATER TREATMENT

Source checked 2026-10-06. The post-remand result and comprehensive subsequent treatment have not been verified.

6 October 2026 (UTC): Condensed the public note and citations, preserving the legal outcome and unchanged source judgment.

IDENTIFIED SOURCE LINKS

[Department of Revenue-hosted historical Income-tax Act 2011 compilation](#)

[Income-tax Act 2025 as amended by Finance Act 2026](#)

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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