

Income Tax Officer v. Vikram Sujitkumar Bhatia

Civil Appeal No. 911 of 2022 (arising out of SLP (Civil) No. 29096 of 2019) / Civil Appeal Nos. 912-1026 of 2022

[2023] 2 S.C.R. 756 | 2023-04-06

Whether the Finance Act 2015 amendment to section 153C, effective 1 June 2015, applies where the section 132 search occurred earlier but the satisfaction/transfer of material and notice followed the amendment.

153C | 153A | 132

Two-judge bench | M.R. Shah, J. | B.V. Nagarathna, J.

Assessment years: 2012-13

01 FACTS OF THE CASE

The Revenue appealed Gujarat High Court judgments quashing section 153C notices and consequent completed assessments on the ground that the 2015 amendment could not apply to searches before 1 June 2015. In the representative facts from SCA 12825/2018, an individual had returned income of Rs 44,73,820 for AY 2012-13. A search of H.N. Safal Group premises on 4 September 2013 produced a hard disk containing an Excel sheet referring to the petitioner. He objected that the document did not belong to him under the pre-amendment wording and disputed the required satisfaction. In its determinative chronology, the Court recorded the searched person's officer's satisfaction and forwarding of the material on 25 April 2017, followed by the other person's officer's satisfaction and notice on 4 May 2018. Paragraph 3.1 separately records a notice dated 8 February 2018 for the representative writ petition; the judgment does not reconcile these dates.

Source: [official signed judgment / paragraphs 1-3.5 / PDF pages 12, 13, 14, 15, 16, 17, 18 / judgment](#); [official signed judgment / paragraphs 8 / PDF pages 41, 42, 43, 44 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court considered the amendment's purpose: the restrictive interpretation of belongs to in Pepsico India Holdings had prevented proceedings against other persons even where seized documents concerned them. The Finance Act 2015 substitution widened the documentary limb to books/documents pertaining to a person, or information in them relating to that person; the separate limb for money, bullion, jewellery and other valuable articles continued to use belongs to. The Court treated section 153C as machinery for assessing persons other than the person searched and applied purposive construction, drawing on Shamrao V. Parulekar, Zile Singh, Calcutta Knitweaves, Girdhari Lal and Hindustan Bulk Carriers. It also relied on the first proviso's substitution of the other person's officer's receipt date for the search date in the section 153A abatement reference. Here the material was forwarded/received in April 2017 and the determinative notice chronology was in May 2018, after the amendment. The Court rejected the argument that the earlier search date alone insulated the assessee from the amended provision.

Source: [official signed judgment / paragraphs 4 \(statutory text\), 10.1-10.3 / PDF pages 18, 19, 20, 21, 22, 23, 24, 25, 44, 45, 46, 47 / judgment](#); [official signed judgment / paragraphs 10.4-10.8 / PDF pages 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65 / judgment](#)

03 JUDICIAL DECISION

The Finance Act 2015 amendment to section 153C was held applicable to searches conducted before 1 June 2015; the Court applied it to the post-amendment satisfaction, receipt and notice sequence before it. The Gujarat High Court judgments were quashed and set aside and the Revenue appeals allowed. The assessee retained liberty to challenge assessment orders before CIT(A) on other available grounds; appeals filed within four weeks of the judgment were to be considered in accordance with law and on their own merits. There was no order as to costs.

Source: [official signed judgment / paragraphs 11 / PDF pages 66, 67 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the temporal-application question; assessees' other appellate grounds expressly preserved

Revenue appeals allowed; impugned Gujarat High Court judgments set aside; conditional liberty for assessees to appeal to CIT(A) on other grounds; no costs

Temporal reach of the 2015 section 153C amendment decided; no blanket adjudication of every assessment addition or other challenge

The four-week appeal direction ran from 6 April 2023 and is a historical case-specific direction, not a present open filing window. The Court did not order the High Court remand requested in submissions or dispense with all other section 153C conditions.

Source: [official signed judgment / paragraphs 11 / PDF pages 66, 67 / judgment](#)

05 AKHB REVIEW POINT

For a legacy section 153C challenge, preserve the actual search date, both officers' satisfaction records, transfer/receipt evidence and notice date, rather than relying only on whether the search preceded 1 June 2015. Distinguish the documentary limb changed in 2015 from the ownership test retained for the specified assets. The Revenue's success on this temporal issue does not itself decide the evidentiary merits of each addition or eliminate other available objections. Verify those issues and any operative appellate deadline in the taxpayer's own record; do not reuse the judgment's four-week concession as a current limitation rule.

Source: [official signed judgment / paragraphs 3.2, 5.9-5.10, 8, 10.1-10.3, 11 / PDF pages 14, 15, 16, 39, 40, 41, 42, 43, 44, 45, 46, 47, 66, 67 / judgment](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Per appeal

1.

Group: Civil Appeal Nos. 911-1026 of 2022

Disposition: All Revenue appeals allowed on the common temporal issue, subject to liberty to pursue other grounds before CIT(A)

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 11

Pdf pages: 66; 67

Source role: judgment

PROVISION-SPECIFIC SCOPE

1.

Section: 153C(1)

Role: core_holding

Description: Temporal application of the Finance Act 2015 substitution effective 1 June 2015; documentary pertains/relates test distinguished from the assets ownership limb.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 4 (statutory comparison), 10.1, 10.8-11

Pdf pages: 18; 19; 20; 21; 22; 23; 24; 25; 44; 45; 46; 64; 65; 66; 67

Source role: judgment

2.

Section: 153C(1), first proviso; 153A(1), second proviso

Role: receipt_date_and_abatement_context

Description: Proviso inserted by Finance Act 2005 with effect from 1 June 2003; receipt-date fiction considered as a reason the amended provision applied on these facts.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 10.2-10.3

Pdf pages: 46; 47

Source role: judgment

3.

Section: 132

Role: search_trigger

Description: September 2013 search of H.N. Safal Group, producing third-party material.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 3.1-3.2, 8

Pdf pages: 14; 15; 41; 42; 43

Source role: judgment

4.

Section: 158BC, 158BD

Role: historical_precedent_context

Description: Quoted through Calcutta Knitweaves to explain purposive interpretation of machinery provisions, not independently adjudicated in this batch.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 10.6

Pdf pages: 54; 55; 56; 57; 58; 59; 60; 61

Source role: judgment

5.

Section: 132A, 139, 142, 143, 147, 148, 149, 151, 153

Role: quoted_statutory_context

Description: Appear in statutory quotations and assessment framework; no separate holding under each provision.

SOURCE & VERIFICATION

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

Identified source rendition: 67 PDF pages; SHA-256

7205fc1bb4ea4373f481b38a79fc0b985d7a4b950fea97fecf365515c580217c. Original bytes preserved.

[Open cited source rendition](#)

Ingested bench metadata naming B.R. Gavai is contradicted by both the SCR cover and signed judgment; corrected to B.V. Nagarathna.

The judgment chooses SCA 12825/2018 for its representative facts although the lead appeal's originating High Court case is SCA 18777/2018; the facts are not automatically attributed to named respondent Vikram in every detail.

Notice dates differ within both renditions: paragraph 3.1 states 8 February 2018; paragraphs 8(iii)/(v) and 10.3 state 4 May 2018. Both are retained with their paragraph context; no invented reconciliation.

Paragraph 10.3 calls the 25 April 2017 event seizure by the non-searched person's officer, while paragraph 8(iii) identifies forwarding/receipt of previously seized material. The note describes the latter chronology and does not invent a second search.

The 2015 change concerns the documentary limb, not replacement of the belongs-to test for all classes of asset.

Assessee requested remand to the High Court in paragraph 5.10; the operative order instead preserves CIT(A) appeals on other grounds.

The original four-week concession is not presented as a presently available filing window.

SCR citation verified on reported PDF p. 1; case-number range on reported p. 4 and official caption pp. 1-12; bench and decision date verified on signed PDF p. 67. Unverified source-index neutral citation is not used.

AY 2012-13 is stated for the representative petitioner in SCA 12825/2018 whose facts the Court narrates in paragraphs 3-3.1. Do not attribute that year or all representative facts to every respondent in the 116-appeal batch.

The issue is the Finance Act 2015 change to the documentary limb of section 153C, operative from 1 June 2015, read with the first proviso discussed in paragraphs 10.2-10.3. The statutory passage labelled post-2015 in paragraph 4 also reproduces wording about relevant assessment year or years; this note does not independently date every phrase in that quotation or attribute every later version's feature to Finance Act 2015. No current search-assessment regime or 2025 Act equivalent is certified.

The listed precedents identify leading authorities and their role in this judgment, not an exhaustive citator or independent review of every authority nested in a quotation.

STATUTORY SCOPE

Historical 1961 Act provisions as considered by the Court in this judgment

No automatic mapping to the Income-tax Act, 2025, assessment of later amendments, or current-law certification is represented.

LATER TREATMENT

Source checked 2026-10-04. Subsequent reviews, stays, reversals and later judicial treatment have not been comprehensively checked. Any specifically identified related order is recorded separately and does not amount to a citator status certificate.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 67](#)

SHA-256: 7205fc1bb4ea4373f481b38a79fc0b985d7a4b950fea97fecf365515c580217c

[reported alternate rendition - PDF p. 1 / SCR p. 756 - PDF pages: 32](#)

SHA-256: cbf3096959157f86be6c37663ddf9b4fe102ffc725267320f59372961f92b66d

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