PCIT-1 Surat v M.D. Industries Pvt.Ltd.

SLP(C) Diary27612/2025

Official reasoned order dated 2025-07-11; no neutral citation printed | 2025-07-11

Settlement application and preservation of appellate rights: restored appeal held in abeyance.

Income-tax Act, 1961: sections 245D(4) and 245HA

Two-judge bench | Pankaj Mithal | K.V. Viswanathan

Qualified procedural result

Reasoned SLP dismissal; no grant of leave or fresh assessment merits adjudication. Restoration preserves the appeal; the Commissioner (Appeals) must keep it in abeyance pending settlement disposal.

01 FACTS OF THE CASE

Revenue challenged the Gujarat High Court decision of 2 April 2024 in SCA 18791/2021. The Court was told that the settlement application remained undecided and an order under section 245D(4) was yet to be passed. The Tribunal had condoned delay, set aside the Commissioner (Appeals)' order and restored the first appeal. The short order does not identify an assessment year.

Source: Official order: PDF pages 1–2, caption and substantive order

02 DISCUSSION BY THE HON'BLE COURT

On these facts, the Court rejected Revenue's position that the assessee must give up the right to contest the assessment on merits if settlement is rejected without terms. It stated that such rejection would attract section 245HA and revive appellate proceedings. The Tribunal's delay condonation and restoration of the first appeal were justified in the peculiar facts. The order should not be treated as an exhaustive account of every statutory abatement event.

Source: Official order: PDF pages 1–2, section 245HA and restoration passages

03 JUDICIAL DECISION

Delay was condoned and Revenue's SLP dismissed. The Court expressly clarified that the Commissioner (Appeals) must keep the appellate proceedings in abeyance until disposal of the settlement application under the 1961 Act. Pending applications were disposed of.

Source: Official order: PDF page 2, concluding directions

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on preservation of appellate rights and restoration, subject to mandatory abeyance. No assessment reduction, exemption or immediate parallel adjudication was granted.

Source: Official order: PDF page 2, restoration, dismissal and abeyance

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05 AKHB REVIEW POINT

Preserve the appeal record and track the settlement application's actual disposition. Seek action consistent with the abeyance direction and verify whether the statutory condition for revival has occurred. Do not treat restoration as a merits victory or permission to pursue simultaneous adjudication. The separate April and July orders involve different dockets and High Court proceedings despite repeating the same reasoning.

Source: Official order: Editorial analysis based on PDF pages 1–2

SOURCE & VERIFICATION

Hon'ble Supreme Court official reasoned order

Both pages of the official record of proceedings and unnumbered reasoned order fully read.

Open cited source rendition

No neutral citation or numbered paragraphs appear. The stated hearing date is used, not the later digital-signature date.

Distinct from the 17 April 2025 M.D. Industries order: different Supreme Court diary number, bench and High Court case. Same substantive reasoning, but not an alternate PDF of the same order.

STATUTORY SCOPE

Apply the statutory version governing the underlying proceedings. No automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-18. Subsequent treatment and current-law applicability have not been comprehensively checked.

Related note: The Principal Commissioner of Income Tax-1 v M.D. Industries Pvt. Ltd.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from an identified primary report. Independent human review is not represented.

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