

Landmark Supreme Court Judgments Relevant to day-to-day Tax Practice under the Income-tax Act, 2025 and Income-tax Act, 1961

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Introduction: -

As per section 536(2) (j) of the Income-tax Act, 2025, circulars, notifications, instructions, approvals, etc., issued under the 1961 Act will remain valid as long as they do not conflict with the provisions of the 2025 Act. Accordingly, the case laws under the Income-tax Act, 1961, pertaining to the interpretation of provisions will also hold good while determining the provisions of the Income-tax Act, 2025.

In *Shenoy & Co v. Commercial Tax Officer (1985) 155 ITR 178 (SC)*, *UP Pollution Control Board (2003) 259 ITR 321(SC)*, the honorable Apex court held that as per Article 141 of the Constitution of India, the law laid down by the Supreme Court is binding on all courts and Tribunals. Knowing the principle of law declared by the Apex Court will help to better representation before various courts and Tribunals. In the case of *CIT v. Sun Engineering Works, (1992) 198 ITR 297 (SC)*, it was held that the judgment of the Court has to be read as a whole in the context it was delivered. It is neither desirable nor permissible to pick out a word or a statement from the judgment, divorced from the context of the question under consideration by the court; to support their reasoning, I have made an attempt to prepare the brief ratio of the case laws which are relevant and referred to in day-to-day practice by the tax practitioners. On the left side, I have referred to the relevant section of the Income-tax Act, 2025 and on the right side, the relevant section of the erstwhile Income-tax Act, 1961.

S. 2(5): Agricultural income – test. (IT Act, 1961, S.2(1A))

There must be cultivation of land in the strict sense of the term, meaning thereby tilling of the land, sowing of the seeds and similar operations on the land. The term agriculture comprises all products raised from the land and cannot be confined merely to the production of grain and food products for human beings and beasts. Thus, the activities like breeding and raising of livestock, dairy farming, butter cheese making, poultry farming, etc, are not agriculture, since these activities do not involve any operations being carried out on the land.

CIT v. Raja Benoy Kumar Sahas Roy (1957) 32 ITR 466 (SC)

CIT v. Maharashtra Sugar Mills Ltd (1971) 82 ITR 452 (SC)

UOI v. S. Muthuam Reddy (1999) 240 ITR 341 / 106 Taxman 501 (SC)

S. 2(6): Amalgamation – Merger – Binding nature. (ITACT, 1961, 2(IB))

A scheme sanctioned under Section 391 of the Companies Act, 1956 acquires statutory force and is binding on the company, creditors, and shareholders, including dissenters. Such a scheme ceases to be a mere agreement and cannot be modified or altered except with the sanction of the Court.

J.K. (Bombay) (P) Ltd. v. New Kaiser- Hind Spinning Weaving Co, AIR 1970 SC 1041

S. 2(20): Adventure in the nature of trade. (IT Act, 1961, S.2 (13))

Whether a transaction is in the nature of trade or is an adventure in the nature of trade, one has to take into consideration the intention of the assessee and legal requirements.

Rajputana Textiles (Agencies) Ltd v. CIT (1961) 42 ITR 743 (SC)

P. M. Mahammed Meerakhan v. CIT (1969) 73 ITR 181 (SC)

S. 2(22): Capital Assets – A loan advanced to its subsidiary constitutes a capital asset. (IT Act, 1961, S. 2(14))

A loan/debt is a capital asset under section 2(14), and its assignment constitutes a transfer under section 2(47). Hence, the loss arising on the sale of the debt is allowable as a short-term capital loss.

CIT v. Siemens Nixdorf Information Systems GmbH (2023) 293 Taxman 1 / 453 ITR 741 (SC)

S. 2(22)(iii): Rural Agricultural Land – Capital Asset. (IT Act, 1961, S. 2(14)(iii))

The exclusion of agricultural land situated within municipal limits from the definition of "agricultural land" under section 2(14)(iii) is constitutionally valid, and such land constitutes a capital asset for the purposes of the Income-tax Act.

Singhai Rakesh Kumar v. UOI (2001) 115 Taxman 101 / 247 ITR 150 / 164 CTR 483 (SC)

S. 2(22)(iii): Rural Agricultural Land – Capital Asset – land in a Special Zone (IT Act, 1961 S. 2(14)(iii))

Mere inclusion of agricultural land in a Special Zone, without any development or conversion for non-agricultural use, does not alter its agricultural character; therefore, such land does not become a non-agricultural capital asset.

CIT v. M.R. Seetharam (2023) 292 Taxman 548 / 453 ITR 757 (SC)

S. 2 (75): Partnership – Vesting power and control in one partner will not destroy partnership. (IT Act, 1961 S. 2(23)(iii))

A valid partnership exists if the partners agree to share profits and losses and the business is carried on by any partner acting for all. Mere concentration of management and control in one partner does not negate the partnership.

K.D. Kamath and Co. v. CIT (1971) 82 ITR 680 (SC)

S. 2(77)(b): Hindu Undivided family. (IT Act, 1961 S. 2(31)(ii))

Sole surviving co - parcener constitute a Hindu Undivided Family

Gowli Buddanna v. CIT (1966) 60 ITR 293 (SC)

S. 2(77)(e): Association of Persons – Co-widows inheriting property with definite equal shares and merely receiving income jointly cannot be assessed as an Association of Persons (IT Act, 1961, S.2(31v))

Mere co-ownership and joint receipt of income by co-widows, each having definite and ascertainable equal shares, do not constitute an "Association of Persons"; an AOP arises only where persons voluntarily combine in a common purpose or joint enterprise to produce income. Consequently, co-widows inheriting property and enjoying income in equal shares cannot be assessed as an AOP in the absence of any joint income-producing activity.

CIT v. Indira Balkrishna (1960) 39 ITR 546 (SC)

S. 2(77)(e): Association of Persons – Mere joint ownership of assets and receipt of income do not constitute an Association of Persons. (IT Act, 1961 S.2(31v))

An Association of Persons exists only where persons voluntarily combine to earn income; mere joint ownership of shares and joint receipt of dividends, without any common income-producing activity, does not constitute an AOP.

G. Murugesan & Brothers v. CIT (1973) 88 ITR 432 (SC)

S. 4: Charge of income-tax – Club-Bank – Interest – Mutuality – Interest on fixed deposits – Principle of mutuality does not apply to interest income earned on fixed deposit in the banks. (IT Act, 1961. S. 4)

Principle of mutuality does not apply to interest income earned on fixed deposit in the banks. Appeal of Revenue is dismissed on account of monetary limits.

CIT v. Noida Golf Course Society (Regd) (2024) 337 CTR 255 (SC)

Secundrabad Club etc. v. CIT (2023) 457 ITR 263 /295 Taxman 123 / 334 CTR 105 (SC)

S. 4: Charge of income-tax –Mutuality – Co-Operative Society. (IT Act, 1961. S. 4)

Receipts by Co-operative society from its members i.e. non-occupancy charges, transfer charges common amenity fund charges and other charges, are exempt from income-tax Act based on the principle of mutuality.

ITO v. Venkatesh Premises Co-operative Society Ltd. (2018) 402 ITR 670 / 163 DTR 465 / 301 CTR 514 / 254 Taxman 313 (SC)

S. 4: Income chargeable to tax. (IT Act, 1961 S. 4)

The State has no power to tax potential future advantage, and all it can tax is income, profits, and gains made in the relevant year.

Sir Kikabhai Premchand v. CIT (1953) 24 ITR 506 (SC)

S. 4: Income chargeable to tax.(IT Act, 1961 S. 4)

In Income-tax matters, the law to be applied is the law in force for the relevant assessment year unless otherwise stated or implied.

Shree Choudhary Transport Co. v. ITO (2020) 426 ITR 289(SC)

S. 4: Income chargeable to tax. (IT Act, 1961 S. 4)

Merely on the basis of suspicion and surmise, an addition cannot be made.

CIT v. Daulatram Rawatmull (1964) 53 ITR 574 (SC)

S. 5: Scope of Total Income – Accrual. (IT Act, 1961 S. 5)

It is well-settled that income can be said to accrue only when the assessee acquires a right to receive that income, and such accrual may depend on the agreements which may give rise to such rights.

CIT v. Ashokbhai Chimanbhai (1965) 56 ITR 42 (SC)

S. 5: Scope of Total Income – Accrual – Concept of real income. (IT Act, 1961, S. 5)

Income tax is levied on real income, not hypothetical entries. Although tax liability may arise on accrual or receipt, if income does not actually materialize, it cannot be taxed merely because it is recorded in the books. Where income is truly earned and later relinquished, tax may still apply. However, if no real income arises at all, there is neither accrual nor receipt.

CIT v. Shoorj Vallabhdas & Co. (1962) 46 ITR 144 (SC)

S. 5 : Scope of Total Income – Accrual. (IT Act, 1961, S.5)

Under the mercantile system, only real income that has accrued through an enforceable right is taxable; disputed or uncertain claims reflected merely by book entries constitute hypothetical income and are not taxable.

Godhra Electricity Co. Ltd. v. CIT (1997) 91 Taxman 351 / 225 ITR 746 / 139 CTR 564 (SC)

S. 20: Income from house property – Income from business – Assessable as income from house property. (IT Act, 1961 S. 22)

Income earned by the assessee company from tenants of shops and stalls was income from property under section 9 of the 1922 Act, and the nature of that income could not be changed just because the assessee company was formed to develop land and markets.

East India Housing & Land Development Trust Ltd. v. CIT (1961) 42 ITR 49 (SC)

S. 21: Determination of Annual Value – A property in disrepair remains assessable as per the section, and its annual value must be determined as per the Act. (IT Act, 1961 S. 23)

A property, though in a dilapidated and unlettable condition, does not fall outside section 22, and its annual value must be determined in accordance with the Act, with deductions being allowable only if the statutory conditions are fulfilled.

Liquidator of Mahamudabad Properties (P.) Ltd. v. CIT (1980) 3 Taxman 47 / 124 ITR 31 / 16 CTR 192 (SC)

S.22: Interest on borrowed capital – Deductions (Interest). (IT Act, 1961 S. 24(b)) I

Interest on partners' capital used for the construction of a property earning house property income qualifies for deduction under section 24(b).

CIT v. Sane & Doshi Enterprises (2017) 245 Taxman 128 (SC)

S. 26: Profit & Gains from any Business or Profession – leasing the entire business undertaking, without carrying on any business, is taxable as Income from Other Sources and not as Business Income. (IT Act, 1961 S. 28)

Lease rental or royalty from letting out the entire business undertaking, without carrying on any business activity, is taxable as Income from Other Sources; the basis of computation of such receipt is irrelevant to its tax character.

New Savan Sugar & Gur Refining Co. Ltd v. CIT (1969) 74 ITR 7 (SC)

S. 26: Profit & Gains from any Business or Profession – Profits accrued or received before the discontinuance or succession of a business remain taxable in the hands of the assessee. (IT Act, 1961 S. 28)

Business profits earned before the closure or transfer of a business remain taxable in the hands of the assessee, as income accrues from day to day during the course of business and does not cease to be taxable merely because the business is discontinued before the end of the previous year.

CIT v. Bangalore Transport Co. Ltd. (1967) 66 ITR 373 (SC)

S. 26 (2)(f): Business income – Value of any benefit or perquisite, arising from exercise of business or profession (Subsidy)(28(iv) of the Income-tax Act, 1961.(IT Act, 1961, S. 26(iv))

Subsidy directly linked to the acquisition of a capital asset and paid to the supplier, particularly where the assessee has transferred its contractual rights, cannot be taxed in the assessee's hands as a benefit or perquisite under section 28(iv).

CIT v. Tube Investments of India (P.) Ltd. (2023) 292 Taxman 546 (SC)

S. 31: Deduction for bad debts - Only a genuine business debt, incurred in the ordinary course of business and subsequently becoming irrecoverable. (IT Act, 1961, S. 36(1)(vii))

A debt can be allowed as a bad debt only if it arises in the course of the assessee's business and bears a direct nexus with the business operations; a mere advance or payment unconnected with business does not qualify as a bad debt deduction.

CIT (Central), Calcutta v. Birla Bros. (P.) Ltd. (1970) 77 ITR 751 (SC)

S. 31: Deduction for bad debts and provision for bad debt and doubtful debts – Mere write-off is sufficient for claiming bad debt. (IT Act, 1961 S. 36(1)(vii))

A mere write-off is sufficient for claiming a deduction of bad debt. Subsequent to 1/4/1989, no requirement to establish that the debt has become irrecoverable.

T.R.F Ltd v. CIT (2010) 323 ITR 397/ 190 taxman 391/ 35 DTR 156 (SC)

S. 32: Other Deductions – Bonus or commission.(IT Act, 1961, S. 36(1)(ii))

Additional or overriding commission paid to employees is allowable as a deductible business expenditure under Section 36(1)(ii), even without proof of extra services, if the employees are actively involved in the business, contribute to its growth, and the payment is reasonable and for business purposes.

Shahzada Nand Sons v. CIT (1977) 3 SCC 432 / 108 ITR 358 (SC)(365)

S. 32: Other Deductions – Interest on borrowed capital – Commercial expediency. (IT Act, 1961, S. 36(1)(iii))

For allowability of interest, where borrowed funds are advanced to a sister concern interest-free, it must be shown that such an advance was made on grounds of commercial expediency.

S. A. Builders Ltd. v. CIT (Appeals) (2007) 1 SCC 781 / 288 ITR 1/ 158 Taxman 74/ 206 CTR 631(SC)

S. 32: Other Deductions – Commercial expediency – Reasonableness – Revenue cannot substitute its own judgement. (IT Act, 1961, S. 36(1)(iii))

Once a nexus is established between the expenditure and business purpose (including that of a subsidiary on grounds of commercial expediency), the Revenue cannot question the reasonableness of such expenditure or substitute its own judgment for that of the businessman; accordingly, interest on borrowed funds remains allowable.

Cycles (P) Ltd v. CIT (2015) 16 SCC 359/ 379 ITR 347 (SC)

S. 33: Depreciation – Land. (IT Act, 1961, S. 32)

Land is not eligible for depreciation.

CIT v. Alps Theatre (1967) 65 ITR 377 (SC)

S. 33: Deduction for depreciation - Standalone roads are not depreciable assets; hence depreciation is not allowable on their construction cost. (IT Act, 1961, S. 32)

Construction of approach/metal roads creates a capital asset of enduring nature, and where the roads are standalone structures and not adjuncts to any building, depreciation as a building is not admissible.

Indore Municipal Corpn. v. CIT (2002) 124 Taxman 128 / 247 ITR 803 / 166 CTR 511 (SC)

S. 34: Business expenditure – Commercial expediency. (IT Act, 1961, S. 37(1))

An expenditure may not have been incurred under any legal obligation, yet it is allowable as a business expenditure if it is incurred on the grounds of commercial expediency.

S. A. Builders Ltd. v. CIT (Appeals) 2007) 1 SCC 781 / 288 ITR 1/ 158 Taxman 74/ 206 CTR 631 (SC)

S. 34: Business expenditure – Wholly and exclusively. (IT Act, 1961, S. 37(1))

The phrase 'wholly and exclusively' does not mean 'necessarily'. Payments to employees are allowed as deductions for business reasons.

Sasoon J. David and Co. P. Ltd. v. CIT (1979) 118 ITR 261 (SC).

S. 34: Business expenditure – Commercial expediency must be adjudged from the perspective of the assessee. (IT Act, 1961, S. 37(1))

The Commercial expediency must be adjudged from the perspective of the assessee. The Income-tax Department cannot substitute its own judgment in place of that of the assessee, nor can it question the reasonableness of the amounts incurred, so long as the expenditure is incurred wholly and exclusively for the purposes of the business.

CIT v. Walchnad and Co P. Ltd. (1967) 3 SCR 214/ 65 ITR 381 (SC)(384)

S. 34: Business expenditure – Commission payment. (IT Act, 1961, S. 37(1))

Commission paid in accordance with a contractual profit-sharing arrangement cannot be disallowed as excessive merely on the Assessing Officer's perception; if incurred wholly and exclusively for business purposes, the entire expenditure is allowable

J. K. Woollen Manufacturers v. CIT (1969) 1 SCR 525 / 72 ITR 612 (SC)(616)

S. 34: Business expenditure – Commission payment. (IT Act, 1961, S. 37(1))

An agreement between the assessee and another party effectively results in a joint venture with the sharing of profits and losses; the payments made cannot be regarded as expenditure incurred wholly and exclusively for business. Such payments represent a distribution of profits rather than a business expense, and are therefore not allowable as a deduction.

CIT v. Panipat Woollen and General Mills Co. Ltd (1976) 2SCC 5 / 103 ITR 66 (SC)(71)

S. 34: Business expenditure – Provision for contingent liabilities – Allowable as a deduction. (IT Act, 1961, S. 37(1))

A liability which has definitely arisen during the accounting year is allowable as a deduction, even if it is to be quantified or discharged in future; accordingly, provision for leave encashment based on accrued employee entitlement constitutes an ascertained liability and not a contingent liability, and is deductible.

Bharat Earth Movers v. CIT (2000) 245 ITR 428 (SC)/ 6 SCC 645 / 200 SCC Online SC 1138

S. 34: Business expenditure – Penalty, damage, and interest are compensatory in nature and not penal; without examination, disallowance is not justified. (IT Act, 1961 S. 37(1))

Interest or damages for delayed statutory payments are deductible under Section 37(1) only if compensatory in nature and not penal, and such nature must be determined by examining the relevant statute.

Prakash Cotton Mills Pvt Ltd v. CIT (1993) 201 ITR 684 / 67 Taxman 546 / 111 CTR 389 (SC)

S. 34: Business expenditure – Capital or revenue – Enduring advantages. (IT Act, 1961, S.37(1))

Even outlay for enduring advantage can be revenue expenditure if it is incurred in the revenue field.

Empire Jute Co. Ltd v. CIT (1980) 124 ITR 1 (SC)

S.112: Carry forward and set off of business losses – Dividend. (IT Act, 1961. S. 72)

Where investments constitute business investments, dividend income arising therefrom though assessable under a separate head – retains the character of business income; accordingly, brought-forward business losses are eligible for set-off against such dividend income.

United Commercial Bank Ltd v. CIT (1957) 32 ITR 688 (SC)

CIT v. Cocanada Radhaswami Bank Ltd. (1965) 57 ITR 306 (SC)

S. 112: Loss – Carry forward and set off of business losses. (IT Act, 1961, S. 72)

The Income-tax Officer is under a statutory duty to apply the relevant provisions of the Income-tax Act to correctly determine the assessee's taxable income and tax liability. The assessee's failure to claim the benefit of set-off does not absolve the Income-tax Officer from granting such relief and applying section 24 wherever it is otherwise applicable.

CIT v. Mahalaxmi Sugar Mills Co. Ltd. (1986) 160 ITR 920 (928)

S.119: Carry forward and set-off of losses – Change in shareholding – Companies in which the public are not substantially interested. (IT Act, 1961, S. 79)

ABL continued to hold 51% of the voting power; accordingly, control of the company with ABL, as the change in shareholding did not result in its voting power falling below 51%.

CIT v. Italindia Cotton Private Limited (1988) 174 ITR 160 / 40 Taxman 126A / 72 CTR 217 (SC)

S.133: Donations – in kind do not qualify for deduction. (IT Act, 1961, S. 80G)

The term “any sums paid” refers strictly to monetary payments; hence, only cash donations qualify for deduction, and donations in kind are not allowable.

H.H. Sri Rama Verma v. CIT (1991) 57 Taxman 149/ 187 ITR 308/95 CTR 26 (SC)

S. 159: Double taxation relief. (S. 90)

Conflict between Income-tax Act,1961 and the provision of Double tax action relief provisions of DTAA would prevail over the provisions of the Income-tax Act, 1961.

CIT v. P.V.A.L. Kulandogan Chettiar (2004) 267 ITR 654 (SC)

S.239: The decision of the High Court is binding on the Income-Tax Authorities. (IT Act, 1961, S 119, 143(3), Art. 215, 226, 227)

The law declared by the jurisdictional High Court is binding on subordinate authorities and tribunals; any proceedings initiated or decided in disregard thereof are invalid and without jurisdiction.

East India Commercial Co Ltd v. Collector of Customs (1963) 3 SCR 338/ AIR 1962 SC 1893

S. 206: Minimum alternative tax – Book profit – Audited Accounts – Book profit (IT Act, 1961, S.115JB)

Accounts scrutinised and certified by statutory auditors cannot be subjected to any modification by the Assessing Officer.

Apollo Tyres Ltd v. CIT (2002) 255 ITR 273 (SC)

S. 239: Instruction / Circular of CBDT is binding on Revenue. (IT Act, 1961, S 119)

A CBDT Circular issued under section 119 prescribing the test for treating doubtful debts and directing that such amounts be excluded from income until realization is within the Board’s statutory powers and is binding on the Income-tax authorities.

UCO Bank v. CIT (1999) 237 ITR 889 / 104 Taxman 547 / 154 CTR 88 (SC)

S. 239: Instruction / Circular of CBDT is binding on Revenue. (IT Act, 1961, S. 119)

Circulars issued by the Central Board are binding on the Department, which cannot act contrary to or challenge their validity. Any departmental action must be consistent with the circulars in force at the relevant time; consequently, show-cause notices and demand notices issued in violation of such circulars are void ab initio and liable to be quashed.

Paper Products Ltd v. CCE (2001) 247 ITR 128 / 115 Taxman 147 / 165 CTR 693 / 112 ELT 765 (SC)

S. 239: Instruction / Circular of CBDT is binding on Revenue. (IT Act, 1961, S. 119)

The Revenue is bound by its own circulars and cannot act contrary to them so long as the circulars remain operative.

Collector of Central Excise v. Usha Martin Industries (1998) 111 STC 254 (SC)

S. 239: Instruction / Circular of CBDT is binding on Revenue. (IT Act, 1961, S. 119)

Departmental authorities are bound by Board circulars and cannot take a position contrary to them while they remain operative.

Commissioner of Customs v. Indian Oil Corporation Ltd (2004) 165 ELT 257 (SC)

S. 243: Power to transfer cases. (IT Act, 1961, S. 127)

An assessee has no right to be assessed in a particular jurisdiction. Transfer of a case under section 127 is an administrative action undertaken for departmental convenience and, by itself, causes no prejudice to the assessee.

Pannalal Binjraj v. UOI (1957) 31 ITR 565 (SC)

S. 243: Power to transfer cases. (IT Act, 1961, S. 127)

Where a case is transferred from one Income-tax Officer to another within the same locality, the requirement of giving the assessee an opportunity of hearing and recording reasons is not attracted. Such transfers are administrative in nature, and the transfer order cannot be challenged merely because reasons were not recorded.

Kashiram Aggarwalla v. UOI (1865) 56 ITR 14 (SC)

S.247: Search and seizure – Even where a search are held to be illegal, the evidence obtained therefrom remains admissible and can be used against the assessee. (IT Act, 1961, S. 132)

Search is valid if based on a reasonable belief from credible information by a competent authority; such provisions are constitutional, and seized material is admissible even if the search is irregular.

Pooran Mal v. Director of Inspection (1974) 93 ITR 505 (SC)

S.247: Search and seizure – High Court, in writ jurisdiction, cannot scrutinise the sufficiency or adequacy of the information forming the basis of satisfaction for issuance of a warrant, or examine whether relevant material existed and the action was lawful. (IT Act, 1961, S. 132)

In writ jurisdiction under Article 226, the High Court cannot examine the sufficiency, adequacy, authenticity, or acceptability of the information forming the basis of satisfaction for issuance of a search warrant under section 132.

Director General of Income-tax (Investigation) vs. Spacewood Furnishers (P.) Ltd. (2015) 232 Taxman 131 / 374 ITR 595 / 277 CTR 322 (SC)

S.247: Search and seizure – Department seeks access to data contained in seized laptops/files – Must disclose its reasons and material. (IT Act, 1961, S. 132)

Before accessing data from seized electronic records, the Department must disclose its reasons and material to the assessee and provide an opportunity to consent or challenge the request; access can be granted only thereafter.

Department of Income-tax (Investigation) v. S.R. Batliboi & Co. (2010) 186 Taxman 350 / 227 CTR 238 (SC)

S.247: Search and seizure – Loose papers, diary entries, dumb documents. (IT Act, 1961, S. 132)

No addition can be sustained solely based on loose papers, diary entries, or dumb documents unless their contents are independently corroborated by reliable evidence.

V.C. Shukla v. CBI (1998) 3 SCC 410 (SC)

S.247: Search and seizure- Loose papers. (IT Act, 1961, S. 132)

Uncorroborated entries in loose papers or similar documents are insufficient to establish liability and cannot form the sole basis for adverse action.

Common Cause (A Registered Society) v. UOI (2017) 77 taxmann.com 245 (SC)

S. 269: Reference to valuation officer. (IT Act, 1961, S. 142A (1))

As regards the valuation of assets, the Assessing Officer cannot make a reference to the Departmental Valuation Officer without first rejecting the books of account.

Sargam Cinema v. CIT (2010) 328 ITR 513 / 15 SCC 546 / (2011) 197 Taxman 203 / 241 CTR 179 (SC)

S.270: Assessment – Income included in the return on account of a mistake or ignorance does not preclude the assessee from claiming the correct position in accordance with law. (IT Act, 1961, S. 143(3))

Where an assessee, due to mistake, inadvertence, or ignorance, includes in the return an amount not chargeable to tax, the Assessing Officer is duty-bound to grant appropriate relief and refund excess tax, upon being satisfied of the claim.

CIT v. Shelly Products (2003) 261 ITR 367 / 129 Taxman 271 / 181 CTR 564 (SC)

S.270: Assessment – Affidavit- The averment therein is presumed to be correct unless the same is proved otherwise. (IT Act, 1961, S.143(3))

Where the assessee substantiated encashment of high denomination notes through the account and affidavits, the Revenue could not reject the explanation merely on suspicion. When an affidavit is filed, the averments therein are assumed to be correct unless the same is proved otherwise by cross-examining the deponents in their affidavits.

Mehta Parikh & Co v. CIT (1956) 30 ITR 181 (SC)

S. 270: Assessment – Rule of consistency must be followed. (IT Act, 1961, S.143(3))

Though res judicata does not apply to income-tax proceedings, where a fundamental issue has been consistently accepted in earlier years, and there is no change in facts or law, the Revenue should follow the principle of consistency and not take a different view in subsequent years.

Radhasoami Satsang v. CIT (1992) 193 ITR 321 / 60 Taxman 248 / 100 CTR 267 (SC)

S. 270: Assessment – Rule of consistency must be followed. (IT Act, 1961, S. 143(3))

A consistent view has been accepted in favour of the assessee over several assessment years, and there is no change in facts or law; the Revenue cannot depart from that view in a subsequent year without demonstrating compelling and convincing reasons. The principle of consistency must prevail.

CIT v. Excel Industries Ltd (2013) 358 ITR 295 / 38 taxmann.com 100 / 219 Taxman 379 / 262 CTR 261 (SC)

S. 270: Assessment – Appeal – Revenue inconsistency stand – Rule of consistency. (IT Act, 1961, S. 143(3))

The Revenue cannot challenge in one assessee's case a legal interpretation which it has accepted and not appealed against in another case; consistency in tax administration is mandatory. Actual payment of excise/customs duty is deductible under section 43B.

Berger Paints India Ltd v. CIT (2004) 266 ITR 99 / 135 Taxman 586 / 187 CTR 193 (SC)

S. 270: Assessment – Evidence – Use of a statement without giving an opportunity is not valid. (IT Act, 1961, S.143(3))

Though the proceedings under the Income -tax are not governed by the strict rules of evidence, the department is bound to afford an opportunity to controvert and cross-examine the evidence on which the department places its reliance

Kishanchand Chellaram v. CIT (1980) 125 ITR 713 (SC)

S. 270: Assessment – Evidence. (IT Act, 1961, S. 143(3))

The Court held that although strict rules of the Evidence Act do not apply to income tax proceedings, assessment cannot be made based on imagination and guesswork. The substantive and normal rules of evidence apply together with the principle of natural justice.

Dhakeshwari Cotton Mills Ltd. v. CIT (1954) 26 ITR 775 (SC),

Chuharmal v. CIT (1998) 172 ITR 250(SC)

S. 270: Assessment – Evidence. (IT Act, 1961, S.143(3))

The Court held that suspicion, however strong, cannot take the place of evidence.

Umacharan Shaw & Bros v. CIT (1959) 37 ITR 21 (SC)

S. 270: Tax avoidance – Tax planning – Tax planning may be legitimate provided it is within the framework of law. (IT Act, 1963, S. 143(3))

The cardinal principle is that if a document or transaction is genuine, the court cannot go behind it to some supposed underlying substance. A document or transaction cannot be looked at isolated from the context to which it properly belonged. It is the task of the Court to ascertain the legal nature nature of the transaction as a whole and not to adopt a dissenting approach. Tax planning may be legitimate provided it is within the frame work of law. However, a colourable device cannot be part of tax planning. There is no conflict between *McDowell v. Commercial Tax Officer (1985) 154 ITR 148 (SC)* and *UOI v. Azadi Bachao Andolan 263 ITR 706 (SC)*

Vodafone International Holdings v. UOI (2003) 341 ITR 1 (SC)

S. 270: Assessment – Amalgamation (S. 143(3))

Date of amalgamation/transfer is the date specified in the scheme as the transfer date

Marshall Sons & Co (India) Ltd v. ITO (1997) 233 ITR 809 (SC)

S. 270: Assessment – Human probabilities. (IT Act,1961, S. 143(3))

Tax authorities are entitled to look beyond the apparent form of a transaction and examine the surrounding circumstances to ascertain its real nature. Mere recitals in documents are not conclusive, and the test of human probabilities may be applied to determine the genuineness of a transaction.

CIT v. Durga Prasad More (1971) 82 ITR 540 (SC)

S. 270: Assessment – Human probabilities. (IT Act,1961, S. 143(3))

The apparent is not always real. Tax authorities are entitled to examine the surrounding circumstances and apply the test of human probabilities to determine the genuineness of a transaction, and may disregard documentary evidence if it is inconsistent with normal human conduct and the realities of the case.

Sumati Dayal v. CIT (1995) 214 ITR 801, 125 CTR 124, 80 Taxman 89 (SC)

S. 270: Assessment – Interpretation. (S.143(3))

If two reasonable interpretations of a taxing provision are possible, the one favourable to the assessee must be adopted.

CIT v. Vegetable Products Ltd. (1973) 88 ITR 192(SC),

S. 270: Assessment – Writ – Alternative remedy. (IT Act, 1961, S.143(3), Art. 226)

The existence of an alternative remedy does not constitute an absolute bar to the maintainability of a writ petition; the rule of alternative remedy is a rule of discretion and not one of jurisdiction, and in appropriate cases the High Court may still entertain a writ petition.

Calcutta Discount Co Ltd v. ITO (1961) 41 ITR 191 (SC)

A S. 270: Assessment – Writ – Alternative remedy. (IT Act, 1961, S.143(3))

An order dismissing a writ challenging a notice under section 148 is unsustainable if it runs contrary to the law laid down in *Calcutta Discount Co. Ltd. v. ITO (SC)*.

Jeens Knit Pot Ltd v. Dy. CIT (2017) 390 ITR 10 (SC)

S. 270: Assessment – Writ – Alternative remedy. (IT Act, 1961, S.143(3))

Writ petitions cannot be entertained when an alternative remedy of filing an appeal before the Commissioner (Appeals) is available.

CIT v. Chhabil Dass Agarwal (2013) 357 ITR 357 (SC)

S. 270: Assessment – Writ – Alternative remedy. (IT ACT, 1963, S.143(3))

Alternative remedy is not an absolute bar to writ jurisdiction; a writ is maintainable in cases of lack of jurisdiction, violation of natural justice, infringement of fundamental rights, or challenge to statutory validity.

Radha Krishna Industries v. State of Himachal Pradesh (2021) 88 GSTR 228 (SC)

S. 270: Assessment – Writ – Alternative remedy (IT Act, 1961, S.143(3))

Writ jurisdiction can be invoked despite an alternative remedy where there is a violation of fundamental rights, natural justice, or lack of jurisdiction.

Whirlpool Corporation v. Registrar of Trade Marks, Mumbai (1998) 8SCC 1

S. 270: Assessment – Writ – Alternative remedy. (IT Act, 1961, S.143(3))

Availability of an alternative remedy does not preclude writ jurisdiction in cases of lack of jurisdiction, breach of natural justice, or violation of fundamental rights.

Harbanslal Sahnia v. Indian Oil Corporation Ltd. (2003) 2 SCC 107

S. 270: Assessment – Writ – Alternative remedy. (IT Act, 1961, S.143(3))

Writ jurisdiction should not ordinarily be exercised when an efficacious statutory remedy is available, except in cases of lack of jurisdiction, breach of natural justice, violation of fundamental rights, or challenge to statutory validity.

Assistant Commissioner of State v. Commercial Steel Ltd (2021) 93GST 1 (SC)

S. 270: Assessment – Doctrine of finality – Harmony and Trust between each other. (IT Act, 1961, S.143(3))

Tax liability can arise only when the Revenue establishes, through cogent evidence, that the transaction falls within the charging provisions of the law.

Bharat Sanchar Nigam Ltd v. UOI (2006) 13 STT 245 (SC)

S. 270: Assessment – Search and Seizure – Judicial scrutiny. (IT Act, 1961, S. 143 (3))

The existence of material for forming the requisite belief is open to judicial scrutiny, but the sufficiency or adequacy of such material is not. A search is valid if the authority's belief is based on relevant material and is formed bona fide.

Dr. Pratap Singh & Anr. v. Director of Enforcement (1985) 155 ITR 165 (SC)

S. 270: Assessment – Show cause notice. (IT Act, 1961, S.143(3))

A charge-sheet/show-cause notice is ordinarily not amenable to judicial review. Courts should not interfere at the preliminary stage unless it is issued without jurisdiction or by an incompetent authority.

Secretary, Ministry of Defence v. Prabhas Chandra Mirdha (2012) 11 SCC 565

Kedarnath Jute Mfg. Co Ltd. v. CIT (1971) 82 ITR 363 (SC)

Taparia Tools Ltd v. JCIT (2015) 231 Taxman 5/372 ITR 605 (SC)

S. 270: Assessment – Surmise suspicion. (IT Act, 1961, S. 143(3))

No addition can be made on the basis of surmise, suspicion and conjectures.

Omar Salas Mohamed Sait (1989) 37 ITR 151 (SC)

S. 270: Assessment Binding precedent- Judicial discipline. (IT Act, 1961, S.143(3))

The adjudicating officer functions as a quasi-judicial authority and is bound by the doctrine of precedent as well as the binding effect of orders passed by higher authorities, tribunals, or superior courts; if his order is considered erroneous, the Department's remedy lies in filing an appeal under the statutory provisions of the Central Excise Act, 1944.

UOI v. Kamalakshi Finance Corporation Ltd 1992 taxmann.com 16/1991 (55) E.L.T. 433 (SC)

S. 271: Best Judgement assessment – The Assessing Officer cannot act arbitrarily, capriciously, or vindictively. (IT Act, 1961, S.144)

A best judgment assessment under section 23(4) of the Income-tax Act must be made honestly, fairly, and on a rational basis. While some degree of estimation and guesswork is inevitable, such guesswork must be honest and based on relevant material, including the assessee's past records, surrounding circumstances, local knowledge, and other available information. The Assessing Officer cannot act arbitrarily, capriciously, or vindictively; the assessment must reflect a bona fide exercise of judgment and is liable to revision if made otherwise.

CIT Central and United Provinces v. Laminarain Badridas (1973) 5 ITR 170 (PC)

S. 276: Method of accounting – Provision for warranty. (IT Act, 1961, S.145)

Once the assessee follows the mercantile system of accounting, a provision for warranty determined on a scientific basis constitutes an accrued liability deductible in the year of sale, in accordance with the accrual and matching principles of accounting.

Rotork Controls India Pvt. Ltd v. CIT (2009) 314 ITR 62 / 180 Taxman 422 / 223 CTR 425 (SC)

S. 276: Method of accounting- Provision for warranty. (IT Act, 1961, S. 145)

A liability that has accrued during the accounting year and is reasonably ascertainable is deductible, notwithstanding that its quantification or payment may occur in future; accordingly, a provision for accrued liability is an allowable deduction and not a contingent liability.

Earth Movers v. CIT (2000) 245 ITR 428 (SC)

S. 276: Method of Accounting – Accounts – Entries in books cannot decide the taxability of a receipt. (IT Act, 1961, S. 145)

CIT v. India Dielount Co Ltd (1970) 75 ITR 191(SC) (195)

Kedarnath Jute Manufacturing Co. Ltd v. CIT (1971) 82 ITR 363 (SC)(367.

Sutlej Cotton Mills Ltd v. CIT (1979) 116 ITR 1 (SC)(5)

State Bank of India v. CIT (1986) 157 ITR 67 (SC)

Godhra Electricity Co Ltd v. CIT (1997) 225 ITR 746 (SC)

Tuticorn Alkali Chemicals & Fertilizers Ltd v. CIT (1997) 227 ITR 172/93 Taxman /141 CTR 387 (SC)

CIT v. Bakoro Steel Ltd (1999) 236 ITR 315 (SC)

S. 287: Rectification of mistake – Mistake apparent from the record. (IT Act, 1961, S.154)

A debatable issue of law on which two views are possible cannot be treated as a mistake apparent from the record; hence, rectification under section 154 is impermissible

T.S. Balaram, Income-tax Officer vs. Volkart Brothers (1971) 82 ITR 50 (SC)

S. 287: Rectification of mistake – Mistake apparent from the record. (IT Act, 1961, S. 154)

Section applies only to patent and obvious mistakes; a debatable issue or mixed question of fact and law cannot be rectified as a mistake apparent from the record.

CIT v. Hero Cycles (P.) Ltd. (1997) 228 ITR 463 / 94 Taxman 271 / 142 CTR 122 (SC)

S.326: Registration of a firm cannot be denied on mere suspicion where the partnership is proved to be genuine by evidence and conduct of the parties. (IT Act, 1961, S. 185)

Registration of a firm cannot be refused merely because the business was previously carried on by a HUF or because licences and bank accounts continue in the names of some partners. Where a valid partnership deed, separate accounts, capital

contributions and profit-sharing arrangements establish a genuine partnership, registration must be granted. Mere suspicion or conjecture cannot justify denial of registration.

Umacharan Shaw and Bros. v. CIT (1959) 37 ITR 271 (SC)

S. 360: Power of Jt. Commissioner (A) / Commissioner (A) (IT Act, 1961, S. 251)

In exercising powers of enhancement, one cannot introduce new sources of income not considered by the Assessing Officer; such power is confined to matters forming part of the original assessment.

CIT v. Shapoorji Pallonji Mistry ((1962) 44 ITR 891 (SC)

S. 360: Power of Jt. Commissioner (A) / Commissioner (A).(IT Act, 1961, S. 251)

The Appellate Assistant Commissioner is not confined to issues considered by the Assessing Officer and may make additions on new matters arising from the record.

Nirbheram Daluram v. CIT (1997) 224 ITR 610 / 91 Taxman 181 / 139 CTR 484 (SC)

S. 360: Power of Jt. Commissioner (A) / Commissioner (A) - Additional grounds. (IT Act, 1961, S. 251)

The Commissioner (Appeals) has wide powers under section 251 and can admit and consider additional grounds, including claims arising during the pendency of an appeal; hence, he is not barred from allowing a claim not made before the Assessing Officer.

Jute Corporation of India Ltd. v. CIT (1991) 187 ITR 688 (SC) / (1990) 53 Taxman 85 (SC) / 88 CTR 66 (SC)

S. 362: Appeal - Condonation of delay. (IT Act, 1961, S. 253)

The Courts should have a pragmatic and liberal approach in condoning the delay. The Court has to exercise its discretion, keeping in mind that the principle of advancing justice is of prime importance, keeping in mind that the principle of advancing justice is the prime importance and the expression "Sufficient cause" should receive a liberal construction. The approach of Courts should be pragmatic so as to impart substantial justice. Delay should be condoned where sufficient cause is shown; courts must adopt a liberal and pragmatic approach to advance substantial justice.

Collector of Land Acquisition v. MST Ktaji & Ors (1987) 167 ITR 471 (SC)

N. Balakrishnan v. M. Krishna Murthy (1998) 7 SCC 123,

S. 362: Appeal - Condonation of delay.(IT Act, 1961, S. 253)

The term "sufficient cause" under Section 5 of the Limitation Act should be construed liberally to advance substantial justice, particularly where the delay is short, bona fide, and causes no prejudice to the opposite party. Refusal to condone such delay amounts to an improper exercise of discretion, and the matter should be decided on the merits rather than dismissed on technical grounds.

Vedabai alias Vijayanatabai Patil v. Shantaram Baburao Ptail & Another (2002) 253 ITR 798 / 122 Taxman 114 / 173 CTR 300 (SC)

S. 362: Appeal - Condonation of delay. (IT Act, 1961, S. 253)

Courts cannot condone inordinate and unexplained delay as a matter of routine; "sufficient cause" under the Limitation Act must show bona fide and due diligence, and mere equity or hardship is not a ground to override statutory limitation.

Pathapati Subba Reddy v. Special Deputy Collector (LA) (2024) SCC Online SC 513

S. 362: Appeal: Precedent: Ratio of Judgement. (IT Act, 1961, S. 253)

The judgment of a court must be read as a whole, in the context in which it is delivered; it is neither permissible nor appropriate to extract isolated words or sentences divorced from the overall reasoning and ratio of the decision.

CIT v. Sun Engineering Works (1992) 198 ITR 297 (SC)(320)/ 64 Taxman 442 / 107 CTR 209 (SC)

S. 362: Appeal – Natural justice. (IT Act, 1961, S. 253)

Wherein the court held that failure to give the assessee the right to cross-examine a witness whose statements are relied upon results in a breach of principles of natural justice. It is a serious flaw which renders the order a nullity.

Andaman Timber Industries v. CCE (2015) 62 taxmann.com 3 / 127 DTR 241/ 281 CTR 241 (SC)

S. 363: Appellate Tribunal – Powers – No power of enhancement. (IT Act, 1961, S.254(1))

The Appellate Tribunal does not have the power of enhancement.

Mcrop Global (P) Ltd v. CIT, Ghaziabad (2009) 309 ITR 434 (SC)

S. 363: Appellate Tribunal – Duties. (IT Act, 1961, S. 254 (1))

The Tribunal is bound to decide an appeal on the merits and has no power to dismiss it for default of appearance. Any rule permitting dismissal for non-appearance is invalid to the extent it conflicts with the statutory duty to adjudicate the appeal on the merits.

CIT v. S. Chenniappa Mudaliar (1969) 74 ITR 41 (SC)

S. 363 Appellate Tribunal – Duties – Appeals by Revenue and Assessee (IT Act, 1961, S.254 (1))

A party's statutory right of appeal cannot be defeated by the doctrine of merger merely because another appeal against the same order was decided earlier. No litigant should suffer due to the Tribunal's procedural lapse. Tribunal should consider both appeals together.

Commissioner of Sales Tax, U. P., Lucknow v. Vijay Int. Udyog (1985) 59 STC 49 (SC)

S. 363 Appellate Tribunal –Rectification of mistake apparent from the record. (IT Act, 1961, S. 254(2))

The Tribunal's power under section 254(2) is confined to rectifying mistakes apparent from the record and does not extend to reviewing or recalling its entire order on the merits. A detailed appellate order cannot be completely recalled under the guise of rectification.

CIT v. Reliance Telecom Ltd (2022) 440 ITR 1 (SC)

S. 363: Income tax Appellate Tribunal – Powers. (IT Act, 1961, 254(1))

The appellate authorities, including the Tribunal, have plenary powers to grant relief on a legal ground arising from facts already on record, even if such ground was not raised before the Assessing Officer. Their duty is to determine the correct tax liability in accordance with the law.

CIT v. Mahalakshmi Textile Mills Ltd (1967) 66 ITR 710 (SC)

S.363(1): Appellate Tribunal –Powers of – Jurisdiction – Additional grounds. (IT Act 1961, S.254(1))

Tribunal has jurisdiction to entertain an additional ground raising a pure question of law arising from facts already on record and having a bearing on the assessee's tax liability, even if such ground was neither raised before lower authorities nor included in the memorandum of appeal, but was raised subsequently through a forwarding letter.

National Thermal Power Co. Ltd. v. CIT (1998) 229 ITR 383 (SC)

S. 363(1): Appeal – Grounds of appeal – Memorandum of appeal. (IT Act, 254(1))

Ground not specified in the memorandum of appeal may be entertained with reference to the materials already on record

CIT v. S. Nelliapan (1967) 66 ITR 722 (SC)

S. 363(1): Appeal – Appellate Tribunal (S. 254(1))

Department and assessee, both appeals should be heard together

CIT v. Vijay Indus Udoy (1985) 152 ITR 111 (SC)

S. 363(1): Appellate Tribunal – Order – Binding precedent. (IT Act, 1961, S. 254(1))

Failure to follow the order of the Tribunal by the lower authorities amounts to contempt of the Tribunal order.

UOI v. Kamalakshi Finance Corporation Ltd AIR 1992 SC 711 (712)

S. 363(1): Appellate Tribunal – Powers. (IT Act, 1961, S. 254(1))

The Tribunal cannot give any directions to reassess in respect of a period not covered by that order.

CIT v. Manik Sons (1969) 74 ITR 1 (SC)

S.363(2): Rectification of mistake apparent on record – failure to consider judgment cited. (ITACT, 1961, S.254(2))

Where prejudice is caused due to a mistake, error or omission of the Tribunal, it is the duty of the Tribunal to rectify the same under section 254(2). Failure to consider a co-ordinate Bench decision cited before it constitutes a mistake apparent from record, and rectification of such error does not amount to a review of the earlier order. Hence, the High Court was not justified in interfering with the Tribunal's rectification order allowing enhanced depreciation under section 43A.

Honda Siel Power Products Ltd v. CIT (2007) 295 ITR 466 / 165 Taxman 307 / 213 CTR 425 (SC)

S.363(2): Rectification of mistake apparent on record – non-consideration of a decision of the Jurisdictional High Court. (IT Act 1961, S. 254(2))

Non-consideration of a decision of the Jurisdictional High Court or the Supreme Court by the Tribunal constitutes a mistake apparent from the record and is rectifiable under section 254(2).

ACIT v. Saurashtra Kutch Stock Exchange Ltd (2008) 305 ITR 227 / 173 Taxman 322 / 219 CTR 90 (SC)

S. 367: Appeal to supreme Court – Precedent – Supreme Court decision – Judicial decision acts retrospectively. (IT Act, 1961, S. 261)

A judicial decision acts retrospectively. The judges do not make law; they only discover or find the correct law. The law has always been the same, and if a subsequent decision alters the earlier one, the later decision does not make a new law. It only discovers the correct principle of law, which has to be applied retrospectively. The Supreme Court held that even if an earlier decision of the court operated for quite some time, the decision rendered later on would have a retrospective effect, clarifying the legal position which was earlier not correctly understood.

ACIT v. Saurashtra Kutch Stock Exchange Ltd (2008) 305 ITR 227 (SC)

S.377: Commissioner – Revision of orders prejudicial to revenue.(IT Act, 1961, S. 263)

The section can be invoked only if the assessment order is both erroneous and prejudicial to the Revenue. An order passed without inquiry or verification of material facts is erroneous; hence, acceptance of a claim without supporting evidence justifies revision under section 263.

Malbar Industrial Co Ltd v. CIT (2000) 243 ITR 83 / 109 Taxman 66 / 159 CTR 1 (SC)

S. 439: Penalty – Concealment – (IT Act, 1961, S.271(1) (c))

Merely making an incorrect claim in the return of income would not, by itself, attract a penalty for furnishing inaccurate particulars. The burden is on the Revenue to establish that the assessed acted deliberately or with a guilty mind.

CIT v. Reliance Petroproducts Pvt Ltd. (2010) 322 ITR 158 (SC)

S. 439: Penalty – Concealment – Penalty is not automatic (IT Act, 1961, S.271(1) (c))

The requirement of "concealment of income" or "furnishing of inaccurate particulars of income" to be established by the Revenue, and that a mere claim which is later disallowed does not automatically invite a penalty.

Dilip N. Shroff v. CIT (2007) 291 ITR 519 (SC)

S. 439: Penalty proceedings are distinct from assessment proceedings. (IT Act 1961, S.271(1)(c))

Penalty proceedings are distinct from assessment proceedings and the mere fact that an assessment has been made does not automatically warrant a penalty. The use of "may" on facts and circumstances, guided by the principles of reasonableness.

CIT v. Anwar Ali (1970) 76 ITR 696 (SC)

S. 439: Penalty – Mens rea (IT Act, 1961, S.271(1) (c))

The fundamental principle that mens rea is necessary for a penalty, unless the statute specifically dispenses with it, remains highly relevant.

Hindustan Steel Ltd. v. State of Orissa (1972) 83 ITR 26 (SC)

S. 439: Penalty Bonafide mistake – No penalty can be levied. (IT Act, 1961, S.271(1) (c))

Bona fide error or absence of fraudulent intent, no penalty can be imposed.

Price Waterhouse Coopers Pvt Ltd. v. CIT (2012) 348 ITR 306/211 Taxman 40 (SC)

S. 470: Assessment proceedings and penalty proceedings. (IT Act, 1961, S.273B)

Though original assessment proceedings, for computing tax, may be a good item of evidence in penalty proceedings, penalty cannot be levied solely based on the reasons given in the original order of assessment.

CIT v. Khoday Easwaras and Sons (1972) 83 ITR 369 (SC)

S. 501: Service of notice – Code of Civil Procedure, 1908, rules 12, 17 and rule 19 of Order V. (IT Act, 1961, S. 282)

Where the report of the servicing officer did not mention the names and address of the person who identified the place of business or assessed nor he mention in his report or in the affidavit filed by him that he personally knew the place of business of the assessee, service of notice must be held to be not in accordance with law.

CIT v. Ramendra Nath Ghosh (1971) 82 ITR 888(SC).

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