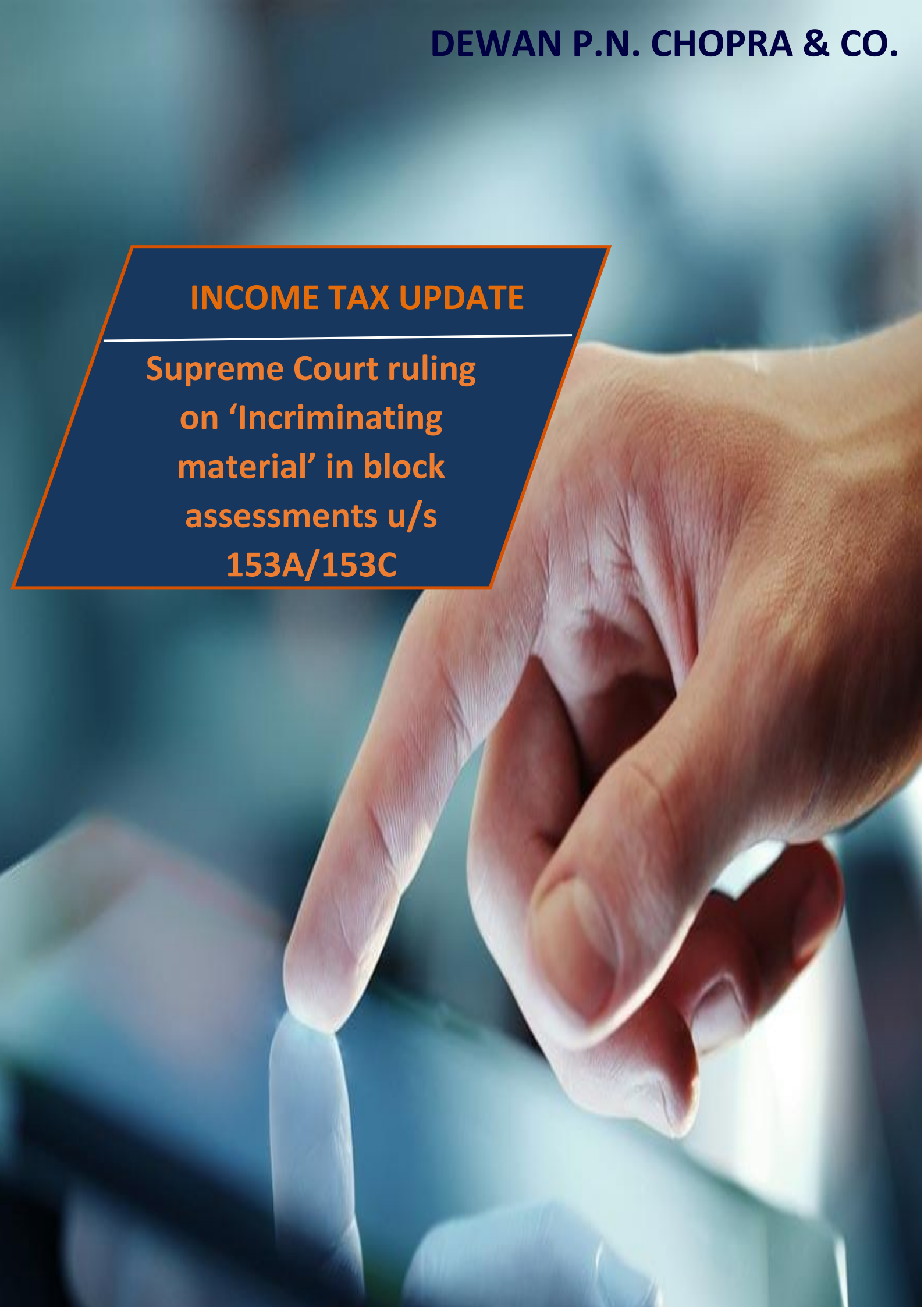


INCOME TAX UPDATE

**Supreme Court ruling
on 'Incriminating
material' in block
assessments u/s
153A/153C**



**Supreme Court: ‘Incriminating material’
showing undisclosed income is must for
completed/unabated assessments in block
assessments u/s 153A/153C**

Hon’ble Supreme Court in the case of **PCIT vs Abhisar Buildwell P. Ltd. [Civil Appeal No. 6580 of 2021]** dated 24.04.2023 upholds the ratio of Hon’ble Delhi High Court’s ruling in **Kabul Chawla [(2016) 380 ITR 573]** and Hon’ble Gujarat High Court’s ruling in **Saumya Construction [(2016) 387 ITR 529]** that for completed or unabated assessments, the Revenue has no jurisdiction under Section 153A/153C in the absence of any ‘incriminating material’ found during a search under Section 132 or requisition under Section 132A.

However, the Hon'ble Supreme Court holds that the Revenue cannot be left without a remedy in such cases, therefore, the Revenue can initiate the reassessment proceedings under Sections 147/148 subject to fulfilment of the conditions contained therein.

Further, while disposing of the batch of over 50 appeals, Hon'ble Supreme Court takes note of the fact that the High Courts of Bombay, Karnataka, Orissa, Kerala, Calcutta and Rajasthan have also taken the same view as the High Courts of Delhi and Gujarat while Allahabad HC has taken a contrary view in *Mehndipur Balaji [(2022) 447 ITR 517]*.

For details, please refer the Hon'ble SC's ruling in the case of PCIT vs Abhisar Buildwell P. Ltd. [Civil Appeal No. 6580 of 2021] dated 24.04.2023:

https://main.sci.gov.in/supremecourt/2020/19437/19437_2020_4_1501_43795_Judgement_24-Apr-2023.pdf

DISCLAIMER: - The summary information herein is based on Hon'ble SC's ruling in the case of PCIT vs Abhisar Buildwell P. Ltd. [Civil Appeal No. 6580 of 2021] dated 24.04.2023. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.