



MAJESTY LEGAL

Advocates & Solicitors

INCOME TAX ACT 1961:-

“SUPREME COURT GIVES RELIEF TO TAXPAYERS”
*(PRINCIPAL COMMISSIONER OF INCOME TAX VS. ABHISAR
BUILDWELL P. LTD¹)*

The Income Tax Department continues to conduct raids and searches to get tax avoidance. Regarding such matters, the Supreme Court has provided taxpayers with significant relief. According to Section 153A² of the Income Tax Act (IT Act Section 153A), the taxpayer's income cannot be increased if no concrete evidence is discovered during the search.

FINDINGS OF THE APEX COURT:

- The Income Tax Department is prohibited from reopening cases in which the assessment has been completed, as stated by the Supreme Court in accordance with Section 153A of the Income Tax Act. Alongside this, the Apex Court has said that re-appraisal orders can be given provided that any substantial proof is found during the pursuit or seizure activity.
- The Hon'ble Court held that a process like re-assessment has a significant impact on taxpayers. According to tax experts, the taxpayers will benefit greatly from this. Additionally, it is anticipated that this decision will lessen the tax authorities' arbitrary reassessments.
- The Court stated that completed or unabated assessment can be reopened under section 147³ and 148⁴ of the IT Act, if any material proof recovered by the assessing officer indicates certain income has escaped assessment. Essentially, these two sections allow the Assessing officer to reassess returns in case any income stream other than disclosed by the taxpayer is detected.

TEAM MAJESTY LEGAL⁵

OFFICE : B-87, Alaknanda Apartment, G-1, Ganesh Marg/Moti Marg,
Bapu Nagar, Jaipur, Rajasthan-302015.
https://maps.app.goo.gl/BsUvY9RWyvUt6JcB9?g_st=iw

CHAMBER : 204, E-Block, Rajasthan High Court, Jaipur.

MOBILE No. : 9785461395

E-MAIL : mahi@majestylegal.in

WEBSITE : www.majestylegal.in

¹ 2023 (SC) 346

² Assessment in case of search or requisition

³ Income escaping assessment

⁴ Issue of notice where income has escaped assessment.

⁵ Majesty legal is a LAW FIRM established in 2013 by Ms. Mahi Yadav. Objective of this legal update is to provide insights on law, statutes and is personal in nature, not to be deemed as legal advice.