In the High Court of Judicature at Madras

Dated : 15.6.2020

Coram :

The Honourable Mr.Justice T.S.SIVAGNANAM

and

The Honourable Mrs.Justice PUSHPA SATHYANARAYANA

Tax Case Appeal No.557 of 2013

Commissioner of Income Tax,
Central Circle, Chennai ...Appellant

Vs

M/s.JF Chit Funds Pvt. Ltd.,
Chennai-1. ...Respondent

APPEAL under Section 260A of the Income Tax Act, 1961 against the order dated 02.3.2012 made in IT(SS)A.No.27/Mds/2011 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench for the block period 01.4.1996 to 15.11.2002 preferred against order of the Commissioner of Income tax (Appeals)-II, Chennai dated 02.09.2011 in ITA.No.143/2007-08 filed against the Block Assessment order dated 26.12.2007 passed by the Assistant Commissioner of Income Tax Central Circle II(4) chennai for the Assessment year 97-98 to 2002-03.

For Appellant: Mr.T.R.Senthilkumar, SSC assisted by Ms.K.G.Usharani, SC
For Respondent: Mr.G.Baskar

Judgment was delivered by T.S.Sivagnanam,J

We have heard Mr.T.R.Senthilkumar, learned Senior Standing Counsel, assisted by Ms.K.G.Usharani, learned Standing Counsel appearing for the appellant - Revenue and Mr.G.Baskar, learned counsel appearing for the respondent.

2. This appeal, filed by the Revenue under Section 260A of the Income Tax Act, 1961 (for short, the Act) is directed against the order dated 02.3.2012 made in IT(SS)A.No.27/Mds/2011 on the file of the Income Tax Appellate Tribunal, Chennai 'D' Bench (for brevity, the Tribunal) for the block period 01.4.1996

to 15.11.2002.

3. The appeal has been admitted on 24.9.2013 on the following substantial questions of law :

> "i. Whether, on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal was right in quashing the assessment order holding that the Assessing Officer has not recorded the reasons before initiating proceedings under Section 158BD of the Income Tax Act ? And
>
> ii. Whether, on the facts and in the circumstances of the case, the Appellate Tribunal was right in quashing the assessment order without noting that there is no time limit prescribed in the Income Tax Act for recording satisfaction note for issuing notice under Section 158BD and the Assessing Officer has initiated the proceedings within the reasonable time ?"

4. This appeal cannot be pursued by the Revenue in the light of the Board's circular in Circular No.24/2015 dated 31.12.2015. In the said circular, it has been stated that the guidelines of the Hon'ble Supreme Court in the case of M/s.Calcutta Knitwears [Civil Appeal No.3958 of 2014 dated 12.3.2014] with regard to recording any satisfaction note were brought to the notice of all for strict compliance and it has been clarified that even if the Assessing Officer of the searched person and the 'other person' is one and the same, then also, he is required to record his satisfaction as has been held by the Courts. Therefore, it has also been clarified that filing of appeals on the issue of recording of satisfaction note should also be decided in the light of the said judgment. Taking note of the said decision, the Board directed that pending litigation with regard to recording of satisfaction note under Section 158BD/153C of the Act should be withdrawn/not pressed if it does not meet the guidelines laid down by the Hon'ble Apex Court. The above circular fully covers the issue raised in the case on hand and the appeal has to be dismissed.

5. In the light of the above, the tax case appeal filed by the Revenue is dismissed and the substantial questions of law framed are left open. No costs.

Sd/-
Assistant Registrar

/true copy/
Sub Asst. Registrar

To
1.The Income Tax Appellate Tribunal,
Chennai 'D' Bench.

2.The Commissioner of Income Tax
Appeals-II
Chennai

3.The Assistant Commissioner of Income Tax
Central Circle II (4)
Chennai

4.The Commissioner of Income Tax
Central Circle
Chennai

TCA.No.557 of 2013

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