Amol

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPEAL NO. 613 OF 2025

WITH

INCOME TAX APPEAL NO. 614 OF 2025

Pr Commissioner of Income Tax Central 3 …Appellant

Versus

Arvind Harlalka …Respondent

Ms. Swapna Gokhale, *for the Appellant.*

CORAM	**M.S. Sonak & Advait M. Sethna, JJ.**
DATED:	**13 November 2025**

PC:-

1. Heard Ms Swapna Gokhale for the Appellant in both these Appeals.

2. The tax effect in both these Appeals is less than Rs. 2 Crores. However, Ms. Gokhale relies on the exception in the Central Board of Direct Taxes Circular.

3. Without going into the issue as to whether the Appeals indeed fall within the exceptions, we have heard Ms. Gokhale on merits. Ms. Gokhale submitted that the issue involved in both these Appeals pertains to the same assessee and is identical.

4. Ms. Gokhale submitted that this is a case where the additions made by the Assessing Officer (AO) were confirmed by the Commissioner (Appeals). However, she submits that the Income Tax Appellate Tribunal (ITAT) has incorrectly remanded the matter to the AO to consider the effect of the settlement recorded under the settlement scheme at the behest of Shri Alok Harlalka, one of the family members of the assessee. She pointed out that the settlement order clearly notes the statement of Shri Alok Harlalka that the payment or payments pursuant to such settlement were only for his benefit and not for other family members, including the assessee herein. Accordingly, Ms Gokhale submits that the remand was not warranted, and these Appeals may be admitted on the substantial questions of law formulated in the Appeal memo.

5. We have considered Ms Gokhale's submission in the context of the record, the settlement order and the reasoning of the ITAT in the impugned order dated 14 March 2023. We are, however, satisfied that the questions now proposed for admission of these Appeals are not substantial questions of law.

6. The settlement order made at the behest of Shri Alok Harlalka was admittedly not available before the AO when the initial assessment order was made. Though such an order was available when the Commissioner (Appeals) decided the matter, the same was not considered by the Commissioner (Appeals). Therefore, the assessee instituted an Appeal before the ITAT.

7. The ITAT has taken the view that the impact of the settlement order was required to be considered and, on that ground, remanded the matter to the AO. All contentions of the assessee and the Revenue remain open. The direction is to consider only the settlement order and thereafter make a fresh assessment order, giving due cognisance to the settlement order if the same is found applicable.

8. Accordingly, we cannot say that the questions now proposed are questions of law or, in any event, substantial questions of law warranting the admission of the two Appeals.

9. Therefore, we dismiss these Appeals because they involve no substantial questions of law. However, we clarify that, pursuant to the remand, the AO is at liberty to address all issues, including the issue now raised by Ms Gokhale on behalf of the Revenue. All issues are therefore left open for decision on remand.

10. These Appeals are therefore dismissed with the above clarifications. No costs.

(Advait M. Sethna, J) **(M.S. Sonak, J)**