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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ W.P.(C) 2930/2025 & CM APPL. 13894/2025

SUBHASH INFRAENGINEERS PRIVATE LIMITED .....Petitioner
Through: Mr. Salil Kapoor, Mr. Sanat Kapoor & Ms. Ananya Kapoor, Advocates.

versus

ASSISTANT COMMISSIONER OF INCOME TAX, CIRCLE 22-2, DELHI & ANR. .....Respondents
Through: Mr. Siddhartha Sinha, Senior Standing Counsel.

CORAM:
HON'BLE MR. JUSTICE VIBHU BAKHRU
HON'BLE MR. JUSTICE TEJAS KARIA

<u>O R D E R</u>

% 06.05.2025

1. The petitioner has filed the present petition impugning a notice dated 11.07.2024 [**impugned notice**] issued under Section 153C of the Income Tax Act, 1961 [**the Act**] in respect of Assessment Year 2015-16 [**AY**]. The search was conducted in the case of Mr. Samir Modi and Ms. Shivani Modi on 03.02.2021.

2. The Assessing Officer [**AO**] of the said searched person recorded a satisfaction note on 04.07.2024 that the material found during the search contained information relating to the petitioner. The learned counsel for the petitioner states that AY 2015-16 is beyond the maximum period of ten years that could have been reopened pursuant to the said satisfaction note.

3. In the present case, the AO of the petitioner had drawn up a

satisfaction note on 08.07.2024.

4. On 11.07.2024, the AO of the petitioner issued a notice under Section 153C of the Act for AY 2015-16 to the petitioner and also provided the petitioner with the satisfaction note recorded by him. The petitioner filed its return pursuant to the said notice declaring an income of Rs. 7,28,63,163/-, which was the same as the returns originally filed by it.

5. The petitioner also sent a letter dated 23.01.2025 requesting the AO to provide copy of the satisfaction note recorded by AO of the searched person and to inform the date of the handover of files/material from the AO of searched persons, Samir Modi and Shivani Modi to the petitioner's AO.

6. By an email dated 27.01.2025, the AO provided copy of the satisfaction note recorded by the AO of the searched person dated 04.07.2024 and also informed that he had received the information from the AO of the searched person on 04.07.2024.

7. The petitioner thereafter by a letter dated 31.01.2025 claimed that the proceedings initiated under Section 153C are time-barred as AY 2015-16 is beyond the period of ten years that could be reopened pursuant to the receipt of material on 04.07.2024. According to the petitioner, the issue is covered by the judgment of this Court in ***The Pr. Commissioner of Income Tax - Central-1 v. Ojjus Medicare Pvt. Ltd.: Neutral Citation No.: 2024:DHC:2629-DB.***

8. Since the notice and the satisfaction note are issued/recorded during FY 2024-25, which is relevant to the AY 2025-26, the period of ten years is required to be considered from the end of the AY 2025-26. The manner of ascertaining the block of ten years was explained by a Coordinate Bench of this Court in ***Principal Commissioner of Income Tax-Central-1 v. Ojjus***

Medicare Pvt. Ltd., (*supra*). The relevant extracts of the said judgment is set out below:

> "86. In the present batch, List I pertains to writ petitions which have Satisfaction Notes recorded or Section 153C notices issued between the period 01 April 2021 to 31 March 2022. Undisputedly, the First Proviso to Section 153C, and which has been consistently recognized to also embody the commencement point for reckoning the six or the ten AYs', shifts the relevant date from the date of initiation of search or a requisition made to the date of receipt of books of account or documents and assets seized by the jurisdictional AO of the non-searched person. Consequently, the block of six or ten AYs' would have to be reckoned bearing the aforesaid date in mind. Although in the present batch of writ petitions, the date of actual handing over has not been explicitly mentioned in a majority of the writ petitions, learned counsels for respective sides had addressed submissions based on the assumption that it would be the date of issuance of the Satisfaction Note by the AO of the non-searched person and in the case of nonavailability of such a note, the date of issuance of the Section 153C notices which would be pertinent for the purposes of the First Proviso to Section 153C.
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> 87. Assuming, therefore, that the handover of material gathered in the course of the search and pertaining to the non-searched person occurred between 01 April 2021 to 31 March 2022, the same would essentially constitute FY 2021-22 as being the previous year of search for the purposes of the non-searched entity. As a necessary corollary, the relevant AY would become AY 2022-23. AY 2022-23 would thus constitute the starting point for the purposes of identifying the six years which are spoken of in Section 153C. The six AYs' are envisaged to be those which immediately precede the AY so identified with reference to the previous year of search. It would thus lead us to conclude that it would be the six AYs' immediately preceding AY 2022-23 which could have formed the basis for initiation of action under Section 153C. Consequently, and reckoned backward, the six relevant AYs' would be: –

Computation of the six-year block period as provided under Section 153C of the Act	**No. of years**
AY 2021-22	1

AY 2020-21	2
AY 2019-20	3
AY 2018-19	4
AY 2017-18	5
AY 2016-17	6

Consequently, AY 2021-22 would become the first of the six preceding AYs' and would as per the table set out hereinabove terminate at AY 2016-17.

88. Section 153A replicates the basis on which the six AYs' are to be identified and computed with the solitary distinction being that in the case of the searched person, the six AYs' are liable to be computed from the AY pertaining to the FY in which the search was conducted. The starting point for the purposes of identifying the six AYs' in the case of Section 153A would thus turn upon the year of search as opposed to the handover of material which is spoken of in the First Proviso to Section 153C. If one were to therefore assume that a search took place on a person between 01 April 2021 to 31 March 2022, the pertinent AY would become AY 2022-23 and the corresponding six AYs' would be as follows: -

Computation of the six-year block period as provided under Section 153C of the Act	**No. of years**
AY 2021-2022	1
AY 2020-2021	2
AY 2019-2020	3
AY 2018-2019	4
AY 2017-2018	5
AY 2016-2017	6

89. That takes us then to the issue of identifying the "*relevant assessment year*" for the purposes of computing the ten year block. Explanation 1 to Section 153A specifies the manner in which the entire ten AY period is to be computed. While the computation of six AYs' follows the position as enunciated and identified above, Explanation 1 prescribes that the ten AYs' would have to be

computed from the end of the AY relevant to the FY in which the search was conducted or requisition made. The ten AY period consequently is to be reckoned from the end of the AY pertaining to the previous year in which the search was conducted as distinct from the preceding year which is spoken of in the case of the six relevant AYs'.

90. Viewed in that light, and while keeping the period of 01 April 2021 to 31 March 2022 as the constant, the relevant AY would be AY 2022-23. The ten AYs' would have to be computed from 31 March 2023 with the said date indubitably constituting the end of the AY relevant to the previous year of search. Viewed in light of the above, the block period of 10 AYs' would be as follows: -

Computation of the ten-year block period as provided under Section 153C read with Section 153A of the Act	**No. of years**
AY 2022-23	1
AY 2021-22	2
AY 2020-21	3
AY 2019-20	4
AY 2018-19	5
AY 2017-18	6
AY 2016-17	7
AY 2015-16	8
AY 2014-15	9
AY 2013-14	10"

9. Concededly, the question of law involved in the present case is covered by the decision of this Court in ***The Pr. Commissioner of Income Tax -Central-1 v. Ojjus Medicare Pvt. Ltd.,*** (*supra*).

10. The tabular statement setting out the period of ten years is covered under the notice is set out below:

"Relevant Assessment Year	No. of years
A.Y. 2025-26	1
A.Y. 2024-25	2

A.Y. 2023-24	3
A.Y. 2022-23	4
A.Y. 2021-22	5
A.Y. 2020-21	6
A.Y. 2019-20	7
A.Y. 2018-19	8
A.Y. 2017-18	9
A.Y. 2016-17	10
A.Y. 2015-16	**11** **[Beyond 10 Years]"**

11. In view of the above, the Assessee's contention that the proceedings initiated under Section 153C for the AY 2015-16 are time-barred, is merited.

12. In view of the above, impugned notice is set aside. Pending application also stands disposed of.

13. The petition is disposed of in the aforesaid terms.

VIBHU BAKHRU, J

TEJAS KARIA, J

MAY 06, 2025/ *'A'*

Click here to check corrigendum, if any