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

\+ W.P.(C) 7917/2025

EVERGREEN INFRASOLUTIONS PVT LTD .....Petitioner

Through: Mr Aditya Kumar Garg, Advocate.

versus

ASSISTANT COMMISSIONER OF INCOME TAX CENTRAL CIRCLE 7 1 DELHI & ANR. .....Respondents

Through: Mr Sanjay Kumar, SSC with Ms Monica Benjamin, Advocate.

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

O R D E R

% **29.05.2025**

CM APPL. 34876/2025

1. Exemption is allowed, subject to all just exceptions.

2. The application stands disposed of.

W.P.(C) 7917/2025 and CM APPL. 34877/2025

3. Issue notice.

4. The learned counsel appearing for the Revenue accepts notice.

5. The petitioner [**Assessee**] has filed the present petition, *inter alia*, impugning a notice dated 31.08.2024 [**impugned notice**] issued under Section 148 of the Income Tax Act, 1961 [**the Act**] in respect of the Assessment year [**AY**] 2014-15.

6. The Assessee is a private limited company and is engaged in the business of construction and other related activities. The Assessee had filed its return of income on 21.10.2014 for AY 2014-15, declaring a total income of Rs.1,32,26,910/-.

7. The return was picked up for scrutiny and the assessment proceedings culminated in an assessment order dated 29.12.2016, whereby the Assessing

Officer [**AO**] assessed the petitioner's income at ₹1,81,20,540/-.

8. As per the information received from the insight portal, a search under Section 132 of the Act was conducted in the premises of Kala Rathi, RSW Steel Limited on 10.10.2021. During the search proceedings, a pen drive was seized which contained "Tally Software" data, which included ledger accounts. During the search, a statement of Mr. Rajesh Rathi was recorded. Apparently, he accepted that the ledgers were of beneficiaries who had remitted money through banking channels and recovered cash in lieu of the amounts remitted. The transactions between Rajesh Rathi and the Assessee were to the tune of ₹5,02,93,683/-. Allegedly, these were fictitious purchases. It is alleged that the said amount had escaped assessment for AY 2014-15.

9. A notice dated 20.08.2024 was issued under Section 148A(b) to the Assessee to furnish relevant information, documents and evidence by 27.08.2024. Since, no response was received from the Assessee to the said notice, the AO proceeded to pass an order under Section 148A(d) deeming the case fit for issuance of notice under Section 148 of the Act.

10. The learned counsel for the Assessee submits that in the present case, the satisfaction note of the Assessing Officer [**AO**] exercising jurisdiction in respect of the Assessee was recorded on 27.08.2024 for AY 2014-15. Therefore, the Petitioner submits that the impugned order and the impugned notices issued under Section 148A/148 for the AY 2014-15 have been issued beyond the block period of ten assessment years as set out under Section 153C read with Section 153A of the Act.

11. Therefore, it is contended on behalf of the Assessee that the impugned notices and the impugned order are barred by limitation.

12. Since the satisfaction note was recorded during Financial Year [**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 issue regarding the calculation of the block of ten years is covered by the decision of a Coordinate bench of this Court in ***Principal Commissioner of Income Tax-Central-1 v. Ojjus Medicare Pvt. Ltd. : 2024 SCC OnLine Del 2439***. 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"

13. The learned counsel for the petitioner has furnished a tabular statement, which clearly indicates that the AY 2014-15 falls beyond the ten-year block period. The said chart is reproduced as under:

Relevant AY for	Computation of 10 years

initiating proceedings u/s 148 of the Act	considering First proviso to Section 149 of the IT Act, as amended by Finance Act, 2021
2025-26	1
2024-25	2
2023-24	3
2022-23	4
2021-22	5
2020-21	6
2019-20	7
2018-19	8
2017-18	9
2016-17	10
2015-16	11 (beyond 10 years)
2014-15	**12 (beyond 10 years)**

14. In view of the above decision, it is apparent that the AO cannot proceed to take any steps for assessment in relation to AY 2014-15, as the same is barred by limitation.

15. The petition is accordingly allowed and the impugned notice issued under Section 148 of the Act and the proceedings initiated pursuant thereto are set aside. Pending application also stands disposed of.

VIBHU BAKHRU, J

TEJAS KARIA, J

MAY 29, 2025
RK/YB

Click here to check corrigendum, if any