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

+ **W.P.(C) 12772/2024**

**SYNOD FARMS AND INFRA DEVELOPERS
PRIVATE LIMITED**

.....Petitioner

Through: Mr Piyush Kaushik and Mr Tanveer
Zaki, Advocates.

versus

**CHIEF COMMISSIONER OF INCOME TAX
CENTRAL, DELHI & ANR.**

.....Respondents

Through: Mr Ruchir Bhatia, Advocate.

CORAM:

HON'BLE MR. JUSTICE VIBHU BAKHRU

HON'BLE MR. JUSTICE TEJAS KARIA

ORDER

20.03.2025

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1. The petitioner 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. The petitioner contends that the said notice is beyond the period of limitation as stipulated under Section 149(1) of the Act and therefore is liable to be set aside.

2. The impugned notice was preceded by a notice dated 06.08.2024 issued under Section 148A(b) of the Act. The annexure appended to the said notice sets out the information which according to the Assessing Officer [**AO**] is suggestive of the petitioner's income for the AY 2014-15 escaping assessment. The said notice indicates that on 13.07.2020 a search was conducted at various premises in connection with "Om Kothari Group" of Rajasthan. It was alleged that during the course of investigation, evidence was found regarding details of flats sold in a project named Pallacia and



cash components collected from sale of such flats. It is also found that the petitioner was one of the purchasers of the flats in question and had purchased a flat bearing no.B-52 in the project Pallacia, admeasuring 7750 sq. ft. at the total sale consideration of ₹9,30,00,000/- [7750 sq.ft. at the rate of ₹12,000/- per sq.ft.]. It was alleged that the consideration of ₹2,32,50,000/- [7750 sq.ft. x ₹3,000/- per sq.ft.] was paid in cash as “on money”.

3. The petitioner responded to the said notice by a letter dated 29.08.2024, *inter alia*, contending that the initiation of proceedings in respect of AY 2014-15 was beyond the period of limitation. However, the AO did not accept the said contention and on 31.08.2024 proceeded to pass an order under Section 148A(d) of the Act holding that it was a fit case for issuance of a notice under Section 148 of the Act.

4. It is relevant to note that the AO of the searched entity had issued a satisfaction note dated 11.03.2023 recording his satisfaction that the documents belonging to the petitioner had been discovered which had a bearing on the determination of the petitioner's income and it was a fit case for initiation of the proceedings under Section 153C of the Act in respect of AYs 2015-16 to 2021-22.

5. It is material to note that the satisfaction note did not purport to handover any material having a bearing on the petitioner's income for the AY 2014-15. In the given facts, the only question to be examined is whether the impugned notice is beyond the period of limitation as contended on behalf of the petitioner.

6. In *The Pr. Commissioner of Income Tax – Central-I v. Ojjus Medicare Pvt. Ltd.*: *Neutral Citation : 2024:DHC:2629-DB*, a Coordinate



Bench of this court had explained the manner in which a block of six or ten assessment years for which assessments could be reopened in terms of Section 153C of the Act in the following terms:

“D. The First Proviso to Section 153C introduces a legal fiction on the basis of which the commencement date for computation of the six year or the ten year block is deemed to be the date of receipt of books of accounts by the jurisdictional AO. The identification of the starting block for the purposes of computation of the six and the ten year period is governed by the First Proviso to Section 153C, which significantly shifts the reference point spoken of in Section 153A(1), while defining the point from which the period of the “relevant assessment year” is to be calculated, to the date of receipt of the books of accounts, documents or assets seized by the jurisdictional AO of the non-searched person. The shift of the relevant date in the case of a non-searched person being regulated by the First Proviso of Section 153C(1) is an issue which is no longer *res integra* and stands authoritatively settled by virtue of the decisions of this Court in *SSP Aviation* and *RRJ Securities* as well as the decision of the Supreme Court in *Jasjit Singh*. The aforesaid legal position also stood reiterated by the Supreme Court in *Vikram Sujitkumar Bhatia*. The submission of the respondents, therefore, that the block periods would have to be reckoned with reference to the date of search can neither be countenanced nor accepted.

E. The reckoning of the six AYs’ would require one to firstly identify the FY in which the search was undertaken and which would lead to the ascertainment of the AY relevant to the previous year of search. The block of six AYs’ would consequently be those which immediately precede the AY relevant to the year of search. In the case of a search assessment undertaken in terms of Section 153C, the solitary distinction would be that the previous year of search would stand substituted by the date or the year in which the books of accounts or documents and assets seized are handed over to the jurisdictional AO as opposed to the year of search which constitutes the basis for an assessment under Section 153A.

F. While the identification and computation of the six AYs’ hinges upon the phrase “immediately preceding the assessment year relevant to the previous year” of search, the ten year period



would have to be reckoned from the 31st day of March of the AY relevant to the year of search. This, since undisputedly, Explanation 1 of Section 153A requires us to reckon it “from the end of the assessment year”. This distinction would have to necessarily be acknowledged in light of the statute having consciously adopted the phraseology “immediately preceding” when it be in relation to the six year period and employing the expression “from the end of the assessment year” while speaking of the ten year block.”

7. Thus, the period of ten block years for which notices could be issued under Section 153C of the Act are required to be reckoned from the end of the assessment year relevant to the financial year in which the books of accounts or documents or assets seized under Section 132 of the Act or requisitioned under Section 132A of the Act are handed over by the AO of the searched person to the AO having jurisdiction over the assessee being a person other than the person searched. And, the AO of the searched person is satisfied that the assets or documents or materials belongs to such other person or contains information relating to the assessee. In the present case no satisfaction note has been recorded by the AO of the searched person regarding initiation of proceedings under Section 153C of the Act for the AY 2014-15. As noted above, the satisfaction note dated 11.03.2023 recorded by the AO of the searched person pertains to the AYs 2015-16 to 2021-22.

8. Absent recording of any satisfaction note that the books of accounts or documents or assets seized under Section 132 of the Act or requisitioned under Section 132A of the Act belong(s) to the petitioner or contains information pertaining or relating to the petitioner in respect of the AY 2014-15, the date on which the notice under Section 148A(b) was issued is required to be construed as the date on which the AO has decided to initiate



an action against the petitioner. Thus, the period of ten years block is required to be computed with reference to the end of the assessment year relating to the financial year in which such decision to initiate proceedings is taken.

9. In ***Dinesh Jindal v. Assistant Commissioner of Income Tax, Central Circle 20, Delhi & Ors.***: ***Neutral Citation: 2024:DHC:4554-DB*** this court had noted that the procedure prescribed under Section 153C of the Act would be inapplicable if search is conducted after 31.03.2021 and had held that in such cases, the date on which a decision is taken by the AO to initiate action against a person other than the searched person is required to be construed as a date for the purpose of computing limitation under Section 153C of the Act read with Section 153A of the Act. We consider it apposite to set out the relevant extracts of the said decision. The same are set out below:

“14. However, Section 149(1), as it came to be placed and introduced in the statute book by virtue of Finance Act, 2021, neither effaces nor removes from contemplation the First Proviso to Section 153C(1). Consequently, in cases where a search is conducted after 31 March 2021, the said Proviso would have to be construed and tested with reference to the date when the AO decides to initiate action against the non-searched entity. While in the case of a search initiated after 31 March 2021 there would be no actual hand over of material to the jurisdictional AO, that does not convince us to revert to Section 153A and hold that the block period is liable to be computed from the date of search. That, in our considered opinion, would amount to rewriting Section 153C which would clearly be impermissible.

15. We find ourselves unable to construe or read the First Proviso to Section 149(1) as requiring us to ignore the First Proviso to Section 153C(1), and for the purposes of computation, reconstruct the point from which the “relevant assessment year” is liable to be computed in the case of a non-searched person. Notwithstanding the



procedure under Section 153C having not been adhered to, by virtue of the search having been conducted after 31 March 2021, there exists no justification to reconstruct the point from which the computational exercise would have to be undertaken. This, since accepting the submission as canvassed by Mr. Meharchandani, would not only amount to a virtual reconstruction of the statutory prescription of limitation, it would also be contrary to the plain and manifest command of the First Proviso to Section 149(1), and which compels us to adjudge the validity of reopening based on the test of “could not have been issued at that time” on account of being beyond the time limit specified under..... or Section 153A or Section 153C, as the case may be, as they stood immediately before the commencement of the Finance Act, 2021.”

10. The said view is also followed by this court in the subsequent decisions in ***Pankaj Jain v. Assistant Commissioner of Income Tax, Central Circle 3, Delhi & Anr.:2025:DHC:157-DB*** as well as in ***KAD Housing Private Limited v. Deputy Commissioner of Income Tax Central Circle-6, Delhi : Neutral Citation : 2024:DHC:8214-DB***.

11. Thus, in the facts of the present case, the period of limitation of ten years is required to be reckoned from the end of the assessment year relevant to the financial year in which the decision to take action for re-opening the assessments was initiated, that is, the date on which the notice under Section 148 of the Act was issued.

12. The relevant assessment year in question (AY 2014-15) is beyond the period of ten years as contemplated under Section 153C read with Section 153A of the Act from the end of the assessment year. A tabular statement setting out the block of ten years is set out below:

Analysis of time-period to issue reassessment notice. Date of the impugned notice under Section 148 of the Act is 31.08.2024 This chart is prepared in light of the first proviso to Section 149 of the Act as amended by Finance Act, 2021
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Relevant Assessment Year for initiating proceedings under Section 148 of the Act	Without prejudice, computation of 10 years in light of first proviso to Section 149
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 terminal point of 10 years)
2014-15	12 (beyond terminal point of 10 years)

13. The petition is, accordingly, allowed and the impugned notice is set aside.

VIBHU BAKHRU, J

TEJAS KARIA, J

MARCH 20, 2025

‘gsr’