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

\+ W.P.(C) 147/2007

AUTO IGNITION LTD .....Petitioner

Through: Ms. Kanika Sethi, Advocate.

versus

U.O.I & ORS .....Respondents

Through: Mr. Vipul Agrawal, SSC with Mr. Gaoraang Ranjan, Advocate.

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE MR. JUSTICE VINOD KUMAR

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

% **07.02.2026**

1. By way of present writ petition, the petitioner has challenged the assessment order dated 23.02.2006 for the Assessment Year (AY) 2003-04 to the extent of deduction disallowed under Section 80HHC of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*).

2. Retrospectivity given to Section 80HHC of the Act of 1961 has been held to be *ultra vires* by the Gujarat High Court and affirmed by Hon'ble the Supreme Court in the case of **Commissioner of Income Tax v. Avani Exports** reported in (2015) 232 Taxman 357 (SC).

3. Following the same in W.P.(C) No. 16816/2006 (**Saroj Dassani v. UOI**), this Court has held thus :-

> "*5. If the judgment dated 30.03.2015 passed by Hon'ble the Supreme Court in Avani Exports (supra) is read in conjunction with the judgement of the Gujarat High Court dated 02.07.2012, it is clear that the finding recorded in para 26, reproduced*

hereinabove, was upheld with some alteration in para 27 of the said judgment, that too in favour of the assessees and direction given in para 27 of aforesaid judgment was substituted by the following:

> *"Having seen the twin conditions and since 80HHC benefit is not available after 1.4.05, we are satisfied that cases of exporters having a turnover below and those above 10 cr. Should be treated similarly. This order is in substitution of the judgment in Appeal".*

6. The consequence of the judgment dated 30.03.2015 of Hon'ble the Supreme Court, is that irrespective of the amount involved, the amendment brought in Section 80HHC of the Act of 1961 cannot be given retrospective effect."

4. In the light of the judgment of **Avani Exports** (***supra***) by Hon'ble the Supreme Court and reasoning given by this Court in **Saroj Dassani** ***(supra),*** the impugned order dated 23.02.2006 is hereby quashed to the extent of addition/disallowance under Section 80HHC. The petition is allowed to the limited extent, consequence to follow.

5. Pending applications (if any) are disposed of.

DINESH MEHTA, J.

VINOD KUMAR, J.

FEBRUARY 7, 2026/MR