

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री इंटूरी रामा राव, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA Nos.: **2460, 2461, 2462 & 2463/CHNY/2025**

निर्धारण वर्ष/Assessment Years: 2017-18, 2018-19, 2019-20 &
2020-21

M/s. ABC Gold Palace,
14-A, Mela Veethi,
Thiruthuraipoondi,
Tiruvarur – 614 713.

**The Deputy Commissioner
of Income Tax,**
Vs. Central Circle 3(3),
Chennai

PAN: AANFA 5950E

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Dr. Abhishek Murali, CA

(Through Virtual Mode)

प्रत्यर्थी की ओर से/Respondent by : Shri Shiva Srinivas, CIT

सुनवाई की तारीख/Date of Hearing : 25.02.2026

घोषणा की तारीख/Date of Pronouncement : 25.02.2026

आदेश/ ORDER

PER BENCH:

These appeals filed by the assessee are directed against four different orders of Commissioner of Income Tax (Appeals), Chennai-20, all dated 26.05.2025 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Years are 2017-18 to 2020-21.

2. There is a delay of 35 days in filing the appeals. The assessee has filed an affidavit along with petition for condonation of delay stating therein the reasons for belated filing of appeals. On perusal of the reasons stated, we are of the view that no latches can be attributed to the assessee as there is sufficient cause for belated filing of these appeals. Hence, we condone the delay and proceed to dispose off the appeals on merits.

3. At the outset, we notice that assessee has filed additional grounds raising legal issue. The legal issue raised in the additional ground is regarding validity of notice issued u/s.153C of the Act subsequent to 01.04.2021 (According to the assessee notice should have been issued u/s.148 of the Act instead of 153C of the Act). In this context, the Ld.AR relied on the following judicial pronouncements:-

- i. Hon'ble Madras High Court in Harigovind vs. ACIT (WP Nos.23014 of 2023)
- ii. ITAT, Chennai in Sundarsamy vs. ACIT (ITA Nos.2206, 2204 & 2207/Chny/2025)
- iii. ITAT, Chennai in Shanmugasundaram Manoharan vs. DCIT (ITA Nos.1607, 1608, 1609/Chny/2025)

4. The Ld.DR was duly heard.

5. In the instant case, notice u/s.153C of the Act has been issued for assessment years 2017-18 to 2020-21 on 09.02.2022. A search has been conducted u/s.132 of the Act in the case of Mohanlal Jewellers (P) Ltd., on 10.11.2020. Section 153C(3) of the Act states as under:-

“153C.....

(3) Nothing contained in this section shall apply in relation to a search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A on or after the 1st day of April, 2021.”

6. The Hon'ble Madras High Court in the case of Harigovind vs. ACIT, (*supra*) has held subsequent to insertion of sub-section 3 to section 153C of the Act w.e.f.01.04.2021, a notice u/s.153C cannot be issued after 01.04.2021 (though search was initiated prior to 01.04.2021). In the case considered by the Hon'ble High Court, the search had taken place in the premises of third party on 29.01.2019. However, notice u/s.153C of the Act was issued after 01.04.2021 i.e., 25.11.2022. The Hon'ble Madras High Court held that notice issued u/s.153C of the Act by the JAO on 25.11.2022 is bad in law and consequent assessment order completed u/s.153C of the Act is set aside. The relevant finding of the Hon'ble Madras High Court reads as follows:-

“26. I have carefully considered the submissions made by the learned counsel for the petitioner and the learned Senior Standing counsel

appearing for the respondent and also perused the materials available on record.

27. Now, the main issue that is required to be decided is as to whether the issuance of notice, under Section 153C on 07.02.2023, is in accordance with the provision of Section 153C(3) of the Act?

28. According to the petitioner, the initiation of search for the petitioner is the date, on which the materials were handed over by the Assessing Officer of the searched person to the JAO of the petitioner herein. In this regard, a reference was made to the first proviso to Section 153C(1), wherein it was stated that the initiation of search shall be the date, on which the materials were handed over to the concerned JAO, which means, in this case, the date of initiation of search in terms of first proviso to Section 153C(1) is on 25.11.2022, i.e., the date on which the materials were handed over to the JAO of the petitioner.

29. Further, by referring to Sub-Section (3) of Section 153C of the Act, it was contended by the petitioner that if any search was initiated on or after 01.04.2021, no proceedings can be initiated in terms of Section 153C of the Act.

30. In the case on hand, according to the petitioner, the search was initiated on 25.11.2022 and hence, as stated above no proceedings can be initiated in terms of Section 153C of the Act. Thus, the impugned notice came to be issued by the 2nd respondent, illegally and in contrary to SubSection (3) of Section 153C of the Act.

31. On the other hand, it was contended by the respondents that the first proviso to Section 153C(1) of the Act would apply only with regard to the abatement of the proceedings for a period of 6 years prior to the relevant date and for all other practical purposes, the initiation of search would be either the date, on which the search was conducted on searched person under Section 132 or on the date of making of requisition under Section 132A of the Act. Hence, according to the respondents, in this case, the application of Sub-Section (3) of Section 153 would not at all come into picture.

32. At this juncture, it would be apposite to extract the provisions of Section 153C of the Act, which reads as follows:

153C. Assessment of income of any other person.—

(1) Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that,—

(a) any money, bullion, jewellery or other valuable article or thing, seized or requisitioned, belongs to; or

(b) any books of account or documents, seized or requisitioned, pertains or pertain to, or any information contained therein, relates to, a person other than the person referred to in section 153A, then, the books of account or documents or assets, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue notice and assess or reassess the income of the other person in accordance with the provisions of section 153A, if, that Assessing Officer is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and] for the relevant assessment year or years referred to in subsection (1) of section 153A

Provided that in case of such other person, the reference to the date of initiation of the search under section 132 or making of requisition under section 132A in the second proviso to sub-section (1) of section 153A shall be construed as reference to the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person:

Provided further that the Central Government may by rules made by it and published in the Official Gazette, specify the class or classes of cases in respect of such other person, in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and for the relevant assessment year or years as referred to in sub-section (1) of section 153A except in cases where any assessment or reassessment has abated.

(2) Where books of account or documents or assets seized or requisitioned as referred to in subsection (1) has or have been received by the Assessing Officer having jurisdiction over such other

person after the due date for furnishing the return of income for the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A and in respect of such assessment year—

(a) no return of income has been furnished by such other person and no notice under sub-section (1) of section 142 has been issued to him, or

(b) a return of income has been furnished by such other person but no notice under sub-section (2) of section 143 has been served and limitation of serving the notice under sub-section (2) of section 143 has expired, or

(c) assessment or reassessment, if any, has been made, before the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person, such Assessing Officer shall issue the notice and assess or reassess total income of such other person of such assessment year in the manner provided in section 153A.

(3) Nothing contained in this Section shall apply in relation to a search initiated under Section 132 or books of account, other documents or any assets requisitioned under Section 132A on or after the 1st day of April, 2021.

33. A reading of the first proviso to Section 153C(1) would show that the date of initiation of search under Section 132 or making requisition under Section 132A in terms of second proviso to SubSection (1) of Section 153A shall be construed as reference to the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person. The date of initiation of search referred in the second proviso to Section 153A(1) only deals with respect to the abatement of proceedings.

34. It would also apposite to extract the provisions of Section 153A(1) of the Act, which reads as follows:

153A. Assessment in case of search or requisition.—

(1) Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, in the case of a person where a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under

section 132A after the 31st day of May, 2003, the Assessing Officer shall—

- (a) issue notice to such person requiring him to furnish within such period, as may be specified in the notice, the return of income in respect of each assessment year falling within six assessment years [and for the relevant assessment year or years] referred to in clause (b), in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and the provisions of this Act shall, so far as may be, apply accordingly as if such return were a return required to be furnished under section 139;
- (b) assess or reassess the total income of six assessment years immediately preceding the assessment year relevant to the previous year in which such search is conducted or requisition is made and for the relevant assessment year or years

Provided that the Assessing Officer shall assess or reassess the total income in respect of each assessment year falling within such six assessment years and for the relevant assessment year or years:

Provided further that assessment or reassessment, if any, relating to any assessment year falling within the period of six assessment years and for the relevant assessment year or years referred to in this sub-section pending on the date of initiation of the search under section 132 or making of requisition under section 132A, as the case may be, shall abate

35. A reading of the second proviso to Section 153A(1) would show that the assessment or reassessment, if any, relating to any assessment year falling within the period of six assessment years and for the relevant assessment year or years referred to in this sub-section, 153C(1) pending on the date of initiation of the search under Section 132 or making of requisition under Section 132A, as the case may be, shall abate. Therefore, any pending proceedings shall be abated as per the above proviso.

36. On the strength of the above second proviso to Section 153A(1), the respondents had strongly contended that the first proviso to Section 153C is only with regard to the abatement of proceedings and not for anything else. 37. On the other hand, the petitioners had contended that it is not only for abatement but for all the other purposes. According to the petitioner, if a particular date is determined for the purpose of abatement

of proceedings, then the same would be applicable for all the purposes, including the date of initiation of proceedings under Section 153C against the other person.

38. Even a reading of Section 153C makes it clear that determination of total income of such other person for 6 assessment years immediately preceding the assessment year relevant to the previous year, in which the search was conducted or requisition was made and for the relevant assessment year or years, referred in sub-Section (1) of Section 153C of the Act.

39. As far as the other person is concerned, the six years period would be calculated, the date on which the requisition was made and that would be the date, for the purpose of determination of assessment of income. On the other hand, as far as the searched person is concerned, this 6 years period would vary and the same would be calculated from the date of search made in the premises of searched person. Therefore, for the purpose of initiation and determination of income for 6 assessment years, two different dates have been fixed by the Statute, i.e., for the searched person, it was taken the date of search, whereas, for the other person, it was taken the date, on which the requisition is made to the JAO of the other person.

40. Thus, as far as the searched person is concerned, the date of initiation of search is the date, on which the search was conducted in his premises. The said date would be the date of initiation of search for searched person for all purposes. As far as the other person is concerned, the date of initiation of search would be the date, on which the materials, books of accounts, etc., are handed over to the JAO of the other person and this date would be considered as the date of initiation of search for other person for all purposes. Thus, there cannot be two different date of initiation of search, either for the searched person or for the other person.

41. The provisions of Sub-Section (3) of Section 153C states that “153C(3)nothing contained in this Section shall apply in relation to a search initiated under Section 132 or books of account, other documents or any assets requisition under Section 132A on or after the 1st day of April, 2021”

which means, if the search is initiated subsequent to 01.04.2021, the provision of Section 153C will not apply and accordingly, no proceedings can be initiated against the other person.

42. According to the petitioner, the date of handing over of the seized materials, i.e., 25.11.2022, is the date of initiation of search. If the said

contention of the petitioner is accepted, obviously, the issuance of impugned notices dated 07.02.2023 by the 2nd respondent is without any authority and contrary to Sub-Section (3) of Section 153C of the Act and thus, the same is liable to be quashed.

43. In terms of Sub-Section (1) of Section 153C of the Act, for the purpose of calculating the six years period, the date of handing over of the materials to the petitioner's JAO has to be construed as the date of initiation of search for other person. Further, in terms of first proviso to Sub-Section (1) of Section 153C, for the purpose of abatement also, the date of handing over of the materials to the petitioner's JAO has to be construed as the date of initiation of search for the other person. In such view of the matter, this Court is unable to comprehend the submissions made by the learned counsel for respondents that yet another date is available for the purpose of initiation of search in respect of the other person.

44. Certainly, there cannot be two different dates for initiation of search for the other person. Hence, for all practical purpose, the initiation of search would be the same date and it is apparent upon reading the provisions of Section 153C of the Act. In the provision of Section 153C(1) of the Act, the date of initiation of search is mentioned as the date of handing over of materials and as per the first proviso, the same date would apply for the purpose of abatement also. When such being the case, no other date will come into picture for the purpose of determination of initiation of search for other person. At this juncture, it would be apposite to refer the judgement rendered by the Hon'ble Apex Court in CIT Vs. Jasjit Singh reported in [2023] 458 ITR 437 (SC), wherein, it was held on the aspect as to whether the first proviso to Section 153C would apply only for the purpose of abatement of pending proceedings or otherwise.

45. When a similar contention was raised before the Hon'ble Supreme Court in the aforesaid case of CIT Vs. Jasjit Singh, the same was recorded in the said judgement as

“.....The revenue argued that the proviso to Section 153C(1), is confined in its application to the question of abatement”.

However, while deciding the said issue, the Hon'ble Apex Court had arrived at a conclusion and rendered its judgement by stating that

“.....the revenue's argument is insubstantial and without merit”.....

When such being the case, it is clear that the Hon'ble Apex Court had rejected the contention of the revenue that “the first proviso to Section 153C(1), is confined in its application to the question of abatement”, which means, as per the law laid down by the Hon'ble Apex Court, the said provision is not only for the purpose of abatement but also for all the other practical purposes.

46. For ready reference, the relevant portion of the judgement rendered in the case of CIT Vs. Jasjit Singh is extracted hereunder:

“9. It is evident on a plain interpretation of Section 153C(1) that the Parliamentary intent to enact the proviso was to cater not merely to the question of abatement but also with regard to the date from which the six year period was to be reckoned, in respect of which the returns were to be filed by the third party (whose premises are not searched and in respect of whom the specific provision under Section 153-C was enacted. The revenue argued that the proviso [to Section 153(c)(1)] is confined in its application to the question of abatement.

10. This Court is of the opinion that the revenue’s argument is insubstantial and without merit. It is quite plausible that without the kind of interpretation which SSP Aviation adopted, the A.O. seized of the materials – of the search party, under Section 132 – would take his own time to forward the papers and materials belonging to the third party, to the concerned A.O. In that event if the date would virtually “relate back” as is sought to be contended by the revenue, (to the date of the seizure), the prejudice caused to the third party, who would be drawn into proceedings as it were unwittingly (and in many cases have no concern with it at all), is dis-proportionate. For instance, if the papers are in fact assigned under Section 153-C after a period of four years, the third party assessee’s prejudice is writ large as it would have to virtually preserve the records for at latest 10 years which is not the requirement in law. Such disastrous and harsh consequences cannot be attributed to Parliament. On the other hand, a plain reading of Section 153-C supports the interpretation which this Court adopts. [****Emphasis supplied**]

47. A reading of the above shows that the Hon'ble Apex Court had rejected the contention of the respondent and hence, it is clear that the first proviso to Sub-Section (1) of Section 153C is not only for the purpose of abatement but also for all other purposes, viz., initiation of search for

other person in terms of Section 153C(3) of the Act. In such case, the date of initiation of search for the petitioner is the date, on which the documents were handed over to the JAO of the petitioner, i.e., 25.11.2022 is the date of initiation of search for the petitioner.

48. In terms of Sub-Section (3) of Section 153C, the provision of Section 153C will not apply for any search, which is initiated on or after 01.04.2021.

49. As stated above, in this case, the date of handing over of seized material to the petitioner's JAO is on 25.11.2022 and the said date is the date of initiation of search for the petitioner. Thus, in the present case, it is crystal clear like cloudless sky that the initiation of search was subsequent to 01.04.2021, for which, the provisions of Section 153C will not apply. Therefore, the impugned notices dated 07.02.2023 is unsustainable and the same were issued without authority and against the provisions of Sub-Section (3) of Section 153C of the Act.

50. In such view of the matter, all the impugned notices are liable to be quashed and accordingly, all the impugned notices dated 07.02.2023 issued by the 2nd respondent are quashed.

51. Since this Court has arrived at the above decision based on the jurisdiction of 2nd respondent in issuance of impugned notices, it is not necessary to deal with the other factual issues, which have been raised before this Court.

52. In the result, these writ petitions are allowed. No cost. Consequently, the connected miscellaneous petitions are also closed.”

7. The above order of the Hon'ble Madras High Court was followed by this Bench of the Tribunal in the case of Shanmugasundaram Manoharan vs. DCIT, (*supra*). In light of the judicial pronouncement cited *supra*, in the instant case since notice u/s.153C of the Act has been issued subsequent to 01.04.2021 (insertion of sub-section (3) to section 153C of the Act), we hold that the notice is bad in law and consequent assessment order passed u/s.153C of the Act.

8. Since we have decided the legal ground in favour of assessee, the issue raised on merits is not adjudicated and is left open. It is ordered accordingly.

9. In the result, the appeals filed by the assessee are partly-allowed.

Order pronounced in the open court on 25th February, 2026 at Chennai.

Sd/-

(इंटूरी रामा राव)

(INTURI RAMA RAO)

लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 25th February, 2026

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Coimbatore
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT