Dipen D Shah & Associates

CHARTERED ACCOUNTANTS

Recent Supreme Court Rulling

Case Summary 1

Deputy Commissioner of Income-tax
v/s
Travel Designer India (P.) Ltd

Date : 14 February 2025

Court: Supreme Court of India

Judges:
Justice B.V. Nagarathna &
Justice Satish Chandra Sharma

Citations:
- [2025] 171 taxmann.com 734 (SC)
- [2025] 303 Taxman 583 (SC)
- [2025] 482 ITR 283 (SC)

Issue Involved:

Whether the date of removal of defects u/s 139(9) can be considered as the return filing date for computing the limitation under section 143(2) Does the period of limitation for issuing notice under Section 143(2) begin from:

- The date of original return filed u/s 139(1), or
- The date on which defects were removed u/s 139(9)

Facts in Brief:

The assessee filed the return of income for AY 2016–17 on 29-Nov-2016 under section 139(1).

- The return was declared defective by the Assessing Officer.
- The assessee removed the defects on 19-Jul-2017, within the time permitted under section 139(9).
- AO issued a notice under section 143(2) on 11-Aug-2018.

High Court's Observations:

- Section 139(9) does not contemplate a fresh return; rather, it enables rectification of the original return.
- Once defects are removed within the prescribed period, the original return becomes valid from the date it was originally filed.
- Therefore, the limitation period for issuing notice under section 143(2) must be computed from 29-Nov-2016.

- Accordingly, the last date for issuing notice was 30-Sep-2017 (i.e., six months from the end of the FY in which return was filed).
- Notice issued on 11-Aug-2018 was clearly time-barred.

Case Summary 2

Pr. CIT (Central-3)
v/s
Shyam Sunder Jindal

Date : 17 February 2025

Court: Supreme Court of India

Bench:

Justice B.V. Nagarathna &

Justice Satish Chandra Sharma

Citation:

- **[2025] 172 taxmann.com 164 (SC)**
- **[2025] 304 Taxman 1 (SC)**

Legal Issue:

Whether a penalty notice under section 271(1)(c) that does not clearly specify the limb—whether for concealment of income or furnishing inaccurate particulars—is legally valid ?

Factual Background:

AYs Involved: 2008–09 to 2011–12

A penalty notice under Section 271(1)(c) was issued to the assessee.

However, the notice did not mention whether the penalty was for:

- Concealment of income, or
- Furnishing of inaccurate particulars

The AO's intention remained ambiguous, as the limb under which penalty was levied was not clearly stated.

- The ITAT (Tribunal) set aside the penalty proceedings.
- The Delhi High Court upheld the ITAT's decision.

Supreme Court Proceedings:

The Revenue filed a Special Leave Petition (SLP)

However, there was a delay of 371 days in filing the SLP

Delay was condoned for refiling, but…

The Court referred to earlier identical rulings involving the same assessee

- SLP (C) Diary No. 34643 of 2024 – Decided on 17.09.2024
- SLP (C) Diary No. 31548 of 2024 – Decided on 20.08.2024
- SLP (C) Diary No. 26080 of 2024 – Decided on 15.07.2024

Based on consistency with past decisions in the same matter, the SC:

- Dismissed the condonation application, and
- Dismissed the SLP itself

Key Legal Principle Established:

A penalty notice under Section 271(1)(c) must clearly indicate the specific limb under which proceedings are being initiated:

- Failure to specify:
  - Whether it is for concealment of income, or
  - For furnishing inaccurate particulars, renders the penalty notice invalid.
- A vague or omnibus notice violates the principle of natural justice and cannot be sustained.

- For Taxpayers & Professionals:
- Can challenge penalty notices that fail to mention specific grounds
- Reference this judgment to quash vague penalty notices

Case Summary 3

Principal Commissioner of Income-tax
v/s
Neelu Mahansaria

Judgment Date: 2 May 2025

Court: Supreme Court of India

Coram:

Justice J.B. Pardiwala &

Justice R. Mahadevan

Citation:

[2025] 175 taxmann.com 236 (SC)

SLP Diary No.: 15818 of 2025

Legal Issue:

Whether additions under sections 68 and 69 can be sustained when the assessee provides uncontroverted documentary evidence in support of share transactions and SEBI's report finds no wrongdoing.

Background & Facts of the Case

Assessment Year: 2014–15

The assessee reported long-term capital gains (LTCG) from share transactions and claimed exemption under section 10(38).

- The Assessing Officer (AO), relying on an Investigation Wing report, doubted the genuineness of the share transactions.
- Additions were made under:
  - Section 68 (unexplained cash credit)
  - Section 69 (unexplained investments)

Evidence Produced by the Assessee

- Contract notes from registered brokers
- Demat account statements
- Payment made through banking channels
- STT (Securities Transaction Tax) paid
- Shares routed through Bombay Stock Exchange (BSE)
- SEBI conducted a detailed inquiry and found no statutory violation
- Broker involved was not blacklisted or charged

Tribunal's Findings

The assessee's documentation was complete, consistent and unchallenged by the department

In absence of any material showing manipulation, transaction genuineness could not be doubted

Accordingly:

- Additions under Sections 68 and 69 were deleted
- Exemption under Section 10(38) was allowed

High Court Decision (Gujarat HC)

Upheld Tribunal's order

- Held that no substantial question of law arose
- Therefore, the Tribunal's order required no interference

Supreme Court's Ruling

Revenue filed a Special Leave Petition (SLP) against the High Court order

- There was a delay of 282 days in filing the SLP
- Revenue failed to satisfactorily explain the delay

Supreme Court, therefore:

- Dismissed the SLP on the ground of delay
- Confirmed the findings in favour of the assessee

Key Legal Takeaways

Mere reliance on investigation reports is insufficient in absence of contradicting the assessee's documentary evidence

If all transactions are:

- Routed through stock exchange
- STT paid
- Supported by valid documents
- Backed by SEBI clearance

then, treating such gains as bogus is unsustainable

The onus lies on the department to rebut the evidence with credible material—not assumptions

Final Insight

This judgment reaffirms that evidence must outweigh suspicion. Where documentary records are intact, mere investigation reports or generic doubts cannot override legality of transactions.

Judgment in One Line:

"Once SEBI finds no wrongdoing, STT is paid and the assessee provides unchallenged proof—addition under section 68 is unsustainable."

THANK YOU..

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