IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'C': NEW DELHI

BEFORE SHRI S.RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER

ITA No.2401/DEL/2026
(Assessment Year: 2010-11)

ITA No.2402/DEL/2026
(Assessment Year: 2011-12)

ACIT, Central Circle 25, Delhi.	vs.	Royal Sales Private Limited, G-28/119-120, Sector 3, 2nd Floor, Rohini, Delhi - 110 085.
		(PAN : AACCR9073M)
(APPELLANT)		(RESPONDENT)

ASSESSEE BY : Shri Pratap Gupta, CA
REVENUE BY : Shri Vikram Singh Sharma, CIT DR

Date of Hearing	:	01.07.2026
Date of Pronouncement	:	24.08.2026

O R D E R

PER S.RIFAUR RAHMAN,AM:

1. These appeals are filed by the Revenue against the order passed by the ld. Commissioner Income-tax (Appeals)-25, New Delhi dated 21.11.2025 for the Assessment Years 2010-11 and 2011-12.

2. At the time of filing of appeal, the Registry has pointed out a defect that appeals are time barred by 6 days. In response thereof, the ld. DR for the

Revenue submitted that there was a reasonable cause for the delay in filing the appeal. Accordingly, he prayed that the delay in filing the appeal be condoned. We have heard both the counsels on the issue of condonation of delay. In our considered opinion, there was a reasonable cause for the delay in filing the appeal. Therefore, we condone the delay in filing the appeal before the Tribunal.

3. Since the issues are common and the appeals are connected, hence the same are heard together and being disposed off by this common order. We take up the Revenue's appeal being ITA No.2401/Del/2025 for AY 2016-17 as lead case to adjudicate the issues under consideration wherein Revenue has raised the following grounds of appeal :-

> "a. Whether on the facts and circumstances of the case and in law, the Ld CIT(A) was justified in relying upon the judgment of Hon'ble Delhi High Court in the case of PCIT, Central 1, Delhi vs. Ojjus Medicare Pvt. Ltd. (ITA No.52 of 2024), even when the Revenue has filed a SLP against this decision of Hon'ble Delhi High Court?
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> b. Whether on the facts and circumstances of the case and in law, the Ld CIT(A) was justified in holding that block periods for assessment u/s 153C of the Income-tax Act, 1961, have to be calculated from the date of receipt of the books of accounts, documents or assets seized, by the jurisdictional AO of the non-searched person or from the date of issue of Notice u/s 153C of the Act and not from the date of initiation of search?
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> c. Whether on the facts and circumstances of the case and in law, the Ld. CIT(A), following the direction of Hon'ble High Court was justified in holding that block periods for assessment u/s 153C of the Income-tax Act, 1961, have to be calculated from the date of receipt of the books of accounts, documents or assets seized, by the jurisdictional AO of the non-searched person or from the date of issue of Notice issued u/s 153C of the Act and not from the date of initiation of search by relying on First Proviso to Section 153C, even when this Proviso cannot override the main provision of Section 153C(1), which clearly mentions that calculation of block period has to be done from the year of search?

d. Whether on the facts and under the circumstances of the case and in law, Ld.CIT(A), following the direction of Hon'ble High Court was justified in holding that block periods for assessment u/s 153C of the Income-tax Act, 1961, have to be calculated from the date of receipt of the books of accounts, documents or assets seized or date of Notice issued u/s 153C of the Act, by the jurisdictional AO of the non-searched person, even when the position of law is clarified after the amendment introduced by Finance Act, 2017, that the block period of 6 AYs and 10 AYs as mentioned in sub-section (1) of Section 153C and Section 153A have same meaning and have to be calculated from the assessment year relevant to the previous year in which search is conducted"?

e. Whether on the facts and circumstances of the case and in law, Hon'ble High Court and consequently, the Ld. CIT(A) justified in relying on the judgment of Hon'ble Supreme Court in the cue of CIT VB. Jasjit Singh (2023 SCC Online SC 1265) and of Hon'ble High Court in the case of CIT vs. RRJ Securities Ltd. (2015 SCC Online Del 13085), even though the facts of the instant case are different from that of Jasjit Singh case and RRJ Securities case, since the decisions renders by the Court in Jasjit Singh as well as in RRJ Securities had dealt with a Pre-2017 position (i.e. for search conducted before 1st April, 2017) and hence are clearly distinguishable?

f. That the order of the CIT (A) is perverse, erroneous and is not tenable on facts and in law."

4. At the time of hearing, ld. DR of the Revenue submitted that ld. CIT (A) has given relief to the assessee by considering the decision of Hon'ble Delhi High Court in the case of PCIT vs. Ojjus Medicare Pvt. Ltd. (supra) even though the Revenue has filed an appeal against the aforesaid order before the Hon'ble Supreme Court. As far as merit is concerned, he relied on the findings of the AO.

5. On the other hand, ld. AR of the assessee brought to our notice page 2 of the assessment order and submitted that AO has recorded the reasons to initiate proceedings for issue of notice u/s 153C of the Income-tax Act, 1961 (for short 'the Act') on 30.06.2022. He submitted that no doubt, the

original search was conducted on the Alankrit Group on 18.10.2019, however, the AO of the searched person has recorded the satisfaction on 14.06.2022. He submitted that after recording the above satisfaction and on receipt of relevant material from the AO of the searched person, the proceedings were initiated by the AO by issue of notice u/s 153C of the Act and completed the assessment u/s 153C of the Act. He submitted that as per the amended provisions and in specific, he brought to our notice section 153C (3) of the Act which is squarely applicable in this case and he submitted that the AO should have initiated proceedings u/s 148 and not u/s 153C of the Act. The facts are exactly similar to the appeal filed by the assessee for AY 2011-12 as well and he submitted that this issue is squarely covered in favour of the assessee.

7. Considered the rival submissions and material available on record. We observe that the assessment years 2010-11 and 2011-12 under consideration clearly fall outside the scope of application of section 153C of the Act, for the reason that the date of search for the unsearched parties are the date on which the documents were handed over to the Assessing Officer of such other person or from the date on which the satisfaction was recorded by the Assessing Officer of the other person. Therefore, the contention of the assessee is found to be correct on this count. Further we observe that the impugned assessment order is beyond

the limitation prescribed under section 153C of the Act, and therefore, the jurisdiction assumed by the Assessing Officer is not tenable in the light of aforesaid legal positions in view of the decision of Hon'ble Supreme Court in the case of CIT vs. Jasjit Singh (supra) and Hon'ble Delhi High Court in the case of PCIT vs. Ojjus Medicare (P.) Ltd., as rightly observed by the ld. CIT (A) in his order by relying on the aforesaid decisions. For the sake of brevity, we reproduce the ratio of the aforesaid decisions :-

"**<u>CIT vs Jasjit Singh-[2023] 155 taxmann.com 155 (SC)</u>**

"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."

<u>PCIT Vs Ojjus Medicare (P.) Ltd- [2024] 161 taxmann.com 160 (Delhi)</u>

F. IDENTIFICATION OF THE COMMENCEMENT POINT FOR THE PURPOSES OFCOMPUTATION OF THE SIX AND TEN YEAR BLOCK

75. The First Proviso to Section 153C significantly shifts the reference point which is spoken of in Section 153A(1) while defining the point from which the period of six AYs' is to be calculated, and which stipulates it to be the date of search or requisition, to the date of receipt of books of accounts, documents or assets seized or requisitioned by the jurisdictional AO of the non-searched person. The Proviso, thus by virtue of a deeming legal fiction, shifts the commencement point from the date of initiation of search or making of requisition to the date of receipt of books, documents or assets by the jurisdictional AO of the non-searched person. The shift of the relevant date in the case of a non-searched person thus being governed and regulated by the First Proviso of Section 153C(1) is, however, an issue which is no longer res integra. This aspect came to be duly noticed and lucidly explained by our Court in the matter of SSP Aviation Ltd. v. Deputy CIT22. The relevant extracts of SSP Aviation Ltd are set out hereinunder:

> "14. Now, there can be a situation when during the search conducted on one person under section 132, some documents or valuable assets or books of account belonging to some other person, in whose case the search is not conducted, may be found. In such case, the Assessing Officer has to first be satisfied under section 153C, which provides for the assessment of income of any other person, i.e., any other person who is not covered by the search, that the books of account or other valuable article or document belongs to the other person (person other than the one searched). He shall hand over the valuable article or books of account or document to the Assessing Officer having jurisdiction over the other person. Thereafter, the Assessing Officer having jurisdiction over the other person has to proceed against him and issue notice to that person in order to assess or reassess the income of such other person in the manner contemplated by the provisions of section 153A. Now, a question may arise as to the applicability of the second proviso to section 153A in the case of the other person, in order to examine the question of pending proceedings which have to abate. In the case of the searched person, the date with reference to which the proceedings for assessment or reassessment of any assessment year within the period of the six assessment years shall abate, is the date of initiation of the search under section 132 or the requisition under section 132A. For instance, in the present case, with reference to the Puri group of companies, such date will be January 5, 2009.
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> However, in the case of the other person, which, in the present case, is the petitioner herein, such date will be the date of receiving the books of account or documents or assets seized or requisition by the Assessing Officer having jurisdiction over such other person. In the case of the other person, the question of pendency and abatement of the proceedings of assessment or reassessment to the six assessment years will be examined with reference to such date."

76. Following SSP Aviation, our Court in Commissioner of Income Tax - 14 v. Shree Jasjit Singh23 held:-

"3. The question raised before the ITAT was with reference to the first proviso to Section 1 53C (1). The ITAT has relied upon the judgment of this Court in SSP Aviation Ltd. v. Deputy Commissioner of Income Tax (2012) 252 CTR (Del) 291, which in para 14 held that while in the case of the searched person, the date with reference to which the proceedings for assessment or reassessment of any assessment year within the period of the six assessment years shall abate shall be the date of initiation of the search under Section 132 or the requisition under Section 132A, in the case of the other person (like the Assessee in the present case) "such date will be the date of receiving the books of account or documents or assets seized or requisition by the Assessing Officer having jurisdiction over such other person. In the case of the other person, the question of pendency and abatement of the proceedings of assessment or reassessment to the six assessment years will be examined with reference to such date".

4. Although, the ITAT has also referred to its own decision in the case of DSL Properties Pvt. Ltd., which decision is pending consideration in ITA No. 585 of 2013 in this Court, in which a question of law has been framed, the decision in SSP Aviation Ltd. (supra) puts the matter beyond all doubt. In addition, the Court has been shown by learned counsel for the Respondent a circular dated 31st March 2014 issued by the CBDT, containing the guidelines regarding Section 153C of the Act. Para 2.5 of the said circular clarifies as under:

> "The AO of the other person assumes jurisdiction under Section 153C with the receipt of the relevant seized material from the AO of the searched person. Also, a copy of the satisfaction received from the AO of the searched person in this regard would enable him to proceed further in the case of the other person under Section 153C.
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> Though there is no statutory requirement for the AO of such other person to record any satisfaction/reason before issuing notice under Section 153C and proceeding further, considering the above aspects, it is advisable for maintaining institutional memory that the AO records receipt of the seized material and the satisfaction from the AO of the searched person and such recording/noting may be kept in the assessment folder of such other person. In case, the AO of the searched person exercises jurisdiction over the other person also, appropriate referencing should be made in the relevant assessment records of such other person."

5. It may be noted that in the present case satisfaction note was prepared by the AO on 25th February 2010. Consequently, the finding of the ITAT in the present case that the assessment made under Section 143(1) of the Act for the AY 2009-10 was not valid, calls for no

interference. No substantial question of law arises in the facts and circumstances of the present case.

6. Accordingly, the appeal is dismissed."

77. A more elaborate discussion with respect to the significance of the Proviso is found in RRJ Securities. We deem it apposite to extract the following passages from that decision:-

"13. The first and foremost step for initiation of proceedings under section 153C of the Act is for the Assessing Officer of the searched person to be satisfied that the assets or documents seized belong to the assessee (being a person other than the searched person). The Assessing Officer of the assessee, on receiving the documents and the assets seized, would have jurisdiction to commence proceedings under section 153C of the Act. The Assessing Officer of the searched person is not required to examine whether the assets or documents seized reflect undisclosed income. All that is required for him is to satisfy himself that the assets or documents do not belong to the searched person but to another person. Thereafter, the Assessing Officer has to transfer the seized assets/documents to the Assessing Officer having jurisdiction of the assessee to whom such assets/ documents belong. Section 153C(1) of the Act clearly postulates that once the Assessing Officer of a person--other than the one searched, has received the assets or the documents, he is to issue a notice to assess/ reassess the income of such person, that is, the assessee other than the person searched in accordance with the provisions of section 153A of the Act.

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15. The controversy in this regard is no longer res integra. A co-ordinate Bench of this court in SSP Aviation Ltd. v. Deputy CIT (2012) 346 ITR 177 (Delhi) has held that (page 188):

"In the case of the searched person, the date with reference to which proceedings for assessment or reassessment of any assessment year within a period of six assessment years shall abate, is the date of initiation of the search under section 132 or requisition under section 132A. .. However, in the case of other person. .. such date will be the date of receiving the books of account or documents or assets seized or requisition by the Assessing Officer having jurisdiction over such other person. In the case of other person, the question of pendency and abatement of the proceedings of assessment or reassessment to the six assessment years will be examined with reference to such date"

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17. In Pepsi Foods Pvt. Ltd. v. Asst. CIT (2014) 367 ITR 112 (Delhi), this court had explained that on a plain reading of section 153C of the Act, a notice under that section could be issued only after

two preceding conditions had been met. First of all, the Assessing Officer of the searched person would have to arrive at a satisfaction that document or asset seized does not belong to the person searched but to some other person and, secondly, the seized documents/assets are handed over to the Assessing Officer having jurisdiction over that person, that is, the person other than the one searched and to whom the seized documents/assets are said to belong. The relevant extract of the said decision is quoted below (page 117):

"On a plain reading of section 153C, it is evident that the Assessing Officer of the searched person must be 'satisfied' that, inter alia, any document seized or requisitioned 'belongs to' a person other than the searched person. It is only then that the Assessing Officer of the searched person can handover such document to the Assessing Officer having jurisdiction over such other person (other than the searched person). Furthermore, it is only after such handing over that the Assessing Officer of such other person can issue a notice to that person and assess or reassess his income in accordance with the provisions of section 153A. Therefore, before a notice under section 153C can be issued two steps have to be taken. The first step is that the Assessing Officer of the person who is searched must arrive at a clear satisfaction that a document seized from him does not belong to him but to some other person. The second step is--after such satisfaction is arrived at--that the document is handed over to the Assessing Officer of the person to whom the said document 'belongs'. In the present cases, it has been urged on behalf of the petitioner that the first step itself has not been fulfilled. For this purpose, it would be necessary to examine the provisions of presumptions as indicated above. Section 132(4A)(i) clearly stipulates that when, inter alia, any document is found in the possession or control of any person in the course of a search it may be presumed that such document belongs to such person. It is similarly provided in section 292C(1)(i). In other words, whenever a document is found from a person who is being searched the normal presumption is that the said document belongs to that person. It is for the Assessing Officer to rebut that presumption and come to a conclusion or 'satisfaction' that the document in fact belongs to somebody else. There must be some cogent material available with the Assessing Officer before he/she arrives at the satisfaction that the seized document does not belong to the searched person but to somebody else. Surmise and conjecture cannot take the place of 'satisfaction'.. ..

It is evident from the above satisfaction note that apart from saying that the documents belonged to the petitioner and that the Assessing Officer is satisfied that it is a fit case for issuance of a notice under section 153C, there is nothing which would indicate as to how the presumptions which are to be normally raised as indicated above, have been rebutted by the Assessing Officer. Mere use or mention of the word 'satisfaction' or the words 'I am satisfied' in the order or the note would not meet the requirement of the concept of satisfaction as used in section 153C of the said Act. The satisfaction note itself must display the reasons or basis for the conclusion that the Assessing Officer of the searched person is satisfied that the seized documents belong to a person other than the searched person. We are afraid that going through the contents of the satisfaction note, we are unable to discern any 'satisfaction' of the kind required under section 153C of the said Act."

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19. The Allahabad High Court in the case of CIT v. Gopi Apartment (2014) 365 ITR 411 (All) has expressed a similar view in the following words (page 419):

"A bare perusal of the provision contained in section 153C of the Income-tax Act leaves no doubt that, as is provided under section 158BD, where the Assessing Officer, while proceeding under section 153A against a person who has been subjected to search and seizure under section 132(1) or has been proceeded under section 132A, is satisfied that any money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned belongs or belong 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 the Assessing Officer shall proceed against each such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of section 153A.

Thus, there are two stages:

The first stage comprises of a search and seizure operation under section 132 or proceeding under section 132A against a person, who may be referred as 'the searched person'. Based on such search and seizure, assessment proceedings are initiated against the 'searched person' under section 153A. At the time of initiation of such proceedings against the 'searched person' or during the assessment proceedings against him or even after the completion of the assessment proceedings against him, the Assessing Officer of such a 'searched person', may, if he is satisfied, that any money, document, etc., belongs to a person other than the searched person, then such money, documents, etc., are to be handed over to the Assessing Officer having jurisdiction over 'such other person'.

The second stage commences from the recording of such satisfaction by the Assessing Officer of the 'searched person' followed by handing over of all the requisite documents, etc., to the Assessing Officer of such 'other person', thereafter followed by issuance of the notice of the proceedings under section 153C read with section 153A against such 'other person'.

The initiation of proceedings against 'such other person' are dependent upon a satisfaction being recorded. Such satisfaction may be during the search or at the time of initiation of assessment proceedings against the 'searched person', or even during the assessment proceedings against him or even after completion of the same, but before issuance of notice to the 'such other person' under section 153C.

Even in a case, where the Assessing Officer of both the persons is the same and assuming that no handing over of documents is required, the recording of 'satisfaction' is a must, as, that is the foundation, upon which the subsequent proceedings against the 'other person' are initiated. The handing over of documents, etc., in such a case may or may not be of much relevance but the recording of satisfaction is still required and in fact it is mandatory."

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24. As discussed hereinbefore, in terms of the proviso to section 153C of the Act, a reference to the date of the search under the second proviso to section 153A of the Act has to be construed as the date of handing over of assets/documents belonging to the assessee (being the person other than the one searched) to the Assessing Officer having jurisdiction to assess the said assessee. Further proceedings, by virtue of section 153C(1) of the Act would have to be in accordance with section 153A of the Act and the reference to the date of search would have to be construed as the reference to the date of recording of satisfaction. It would follow that the six assessment years for which assessments/reassessments could be made under section 153C of the Act would also have to be construed with reference to the date of handing over of assets/documents to the Assessing Officer of the assessee. In this case, it would be the date of the recording of satisfaction under section 153C of the Act, i.e., September 8, 2010. In this view, the assessments made in respect of the assessment years 2003-04 and 2004-05 would be beyond the period of six assessment years as reckoned with reference to the date of recording of satisfaction by the Assessing Officer of the searched person. It is contended by the Revenue that the relevant six assessment years would be the assessment years prior to the assessment year relevant to the previous year in which the search was conducted. If this interpretation as canvassed by the Revenue is accepted, it would mean that whereas in case of a person searched, assessments in relation to six previous years preceding the year in which the search takes place can be reopened but in case of any other person, who is not searched but his assets are seized from the searched person, the period for which the assessments could be reopened would be much beyond the period of six years. This is so because the date of handing over of assets/documents of a person, other than the searched person, to the Assessing Officer would be subsequent to the date of the search. This, in our view, would be contrary to the scheme of section 153C(1) of the Act, which construes the date of receipt of assets and documents by the Assessing Officer of the assessee (other than one searched) as the date of the search on the assessee. The rationale appears to be that whereas in the case of a searched person the Assessing Officer of the searched person assumes

> possession of the seized assets/documents on search of the assessee; the seized assets/documents belonging to a person other than a searched person come into possession of the Assessing Officer of that person only after the Assessing Officer of the searched person is satisfied that the assets/documents do not belong to the searched person. Thus, the date on which the Assessing Officer of the person other than the one searched assumes the possession of the seized assets would be the relevant date for applying the provisions of section 153A of the Act. We, therefore, accept the contention that in any view of the matter, assessment for the assessment year 2003-04 and the assessment year 2004-05 were outside the scope of section 153C of the Act and the Assessing Officer had no jurisdiction to make an assessment of the assessee's income for that year."

78. In the appeal which was taken to the Supreme Court against the judgment rendered by this Court in Jasjit Singh, the view as expressed by our Court in that decision came to be affirmed with the following significant observations being entered:-

> "8. In SSP Aviation (supra) the High Court inter alia reasoned as follows:-
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> "14. Now there can be a situation when during the search conducted on one person under Section 132, some documents or valuable assets or books of account belonging to some other person, in whose case the search is not conducted, may be found. In such case, the Assessing Officer has to first be satisfied under Section 153C, which provides for the assessment of income of any other person, i.e., any other person who is not covered by the search, that the books of account or other valuable article or document belongs to the other person (person other than the one searched). He shall hand over the valuable article or books of account or document to the Assessing Officer having jurisdiction over the other person. Thereafter, the Assessing Officer having jurisdiction over the other person has to proceed against him and issue notice to that person in order to assess or reassess the income of such other person in the, manner contemplated by the provisions of Section 153A. Now a question may arise as to the applicability of the second proviso to Section 153A in the case of the other person, in order to examine the question of pending proceedings which have to abate. In the case of the searched person, the date with reference to which the proceedings for assessment or reassessment of any assessment year within the period of the six assessment years shall abate, is the date of initiation of the search under Section 132 or the requisition under Section 132A. For instance, in the present case, with reference to the Puri Group of Companies, such date will be 5.1.2009. However, in the case of the other person, which in the present case is the petitioner herein, such date will be the date of receiving the books of account or documents or assets seized or requisition by the Assessing Officer having jurisdiction over such other person. In the case of the other person, the question of pendency and abatement of the proceedings of

assessment or reassessment to the six assessment years will be examined with reference to such date."

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."

79. The fact that in the case of a Section 153C assessment, the starting point is ordained to be the handing over of books of account or documents or assets seized and that event constituting the point from which the preceding six AYs' or the "relevant assessment year" is to be computed stands reiterated by the Supreme Court in Vikram Sujitkumar Bhatia, as would be evident from the following paragraphs of the report:-

"41. Thus, as per the proviso to Section 153C as inserted vide Finance Act, 2005, and the effect of the said proviso is that it creates a deeming fiction wherein any reference made to the date of initiation of search is deemed to be a reference made to the date when the Assessing Officer of the non-searched person receives the books of account or documents or assets seized etc. Thus, in the present case, even though the search under Section 132 was initiated prior to the amendment to Section 153C w.e.f. 01.06.2015, the books of account or documents or assets were seized by the Assessing Officer of the non-searched person only on 25.04.2017, which is subsequent to the amendment, therefore, when the notice under Section 153C was issued on 04.05.2018, the provision of the law existing as on that date, i.e., the amended Section 153C shall be applicable."

80. The aforesaid discussion thus renders a determinative quietus to the identification of the starting post from which the block of six AYs' or the "relevant assessment year" would have to be calculated. The contention of the respondents that the said block periods would have to be reckoned with reference to the date of search thus can neither be countenanced nor possibly accepted. That submission is clearly addressed contrary to a long and consistent line of precedents which have held to the contrary and which unequivocally accepted the point of commencement for the purposes of identifying the six or the "relevant assessment year" to be etched from the date of handover of documents, assets or things to the AO of the non-searched party.

81. As was noticed by us hereinabove, the respondents had also sought to urge that the First Proviso to Section 153C(1) is relevant only for the purposes of abatement of pending assessment or reassessment proceedings and which is spoken of in Section 153A(1). According to them, since the First Proviso to Section 153C(1) is linked to the Second Proviso to Section 153A(1), it must be interpreted as being confined and restricted to the subject of abatement and cannot be viewed as constructing the point from which the block of six AYs' or the "relevant assessment year" is to be computed. They had in this connection referred to the judgement rendered by our Court in Sarwar Agency and where an identical submission was addressed as would be evident from a reading of paragraph 6 of the report and which reads as follows:

> "6. The case of the Revenue is that the first proviso to section 153C refers only to the second proviso to section 153A(1) of the Act, which only indicates that any assessment relating to any assessment year falling within the period of six assessment years which is pending as of the initiation of search shall abate. Therefore, the second proviso to section 153C is also concerned only with the aspect of abatement of pending assessments. According to the Revenue, this makes no difference to the computation of the block of six years preceding the assessment year relevant to the previous year in which the search was conducted. In other words, according to the Revenue, the block period for both the searched person and the "other person" would remain the same notwithstanding that there may be some delay in transmitting the documents recovered during the search which belong or pertain to the "other person" to the Assessing Officer of such other person."

82. However, the aforesaid submission came to be stoutly negated with the Court relying upon the decision rendered in RRJ Securities, which in turn relied upon the decision rendered in SSP Aviation as would be evident from the following extracts of that decision:-

> "11. Mr. Ashok Manchanda, learned Senior Standing counsel for the Appellant, sought to pursue this Court to reconsider its view in RRJ Securities (supra). The Court declines to do so for more than one reason. First, for reasons best known to it, the Revenue has not challenged the decision of this Court in RRJ Securities (supra) in the Supreme Court. The said decision has been consistently followed by the authorities under this Court as well as by this court. Thirdly, the

recent amendment to Section 153 C(1) of the Act states for the first time that for both the searched person and the other person the period of reassessment would be six AYs preceding the year of search. The said amendment is prospective.

12. Consequently, no substantial question of law arises from the impugned order of the ITAT. The appeal is, accordingly, dismissed."

We thus fail to either fathom or discern any observation rendered in that decision which may be read as lending strength or credence to the contention of the respondents.

83. Reliance was then placed on the decision rendered by a learned Judge of the Madras High Court in RKM Powergen. We note that in RKM Powergen, the learned Judge while considering the challenge to assessment orders cited certain observations from an earlier order passed by the said High Court and the relevant observations whereof are set out hereunder:

"2. The grounds that have been argued and my conclusions thereupon are as follows:

(i) The bar of limitation: both limbs of this ground have been considered and rejected by me as per orders dated 12-7-2022, 15.07.22 and 26-7-2022, extracted below:

xxxx xxxx

11. Reliance is also placed upon two decisions of the Delhi High Court in the case of CIT v. RRJ Securities Ltd. and Pr. CIT v. Sarwar Agency (P.) Ltd. In both cases the view that the block of six years must be construed as commencing from the date of handing over of the documents seized by the officer of the searched entity to the officer of the third party, that is, petitioner in this case.

12. I am of the considered view that the proviso has no application in the construction of the block period. Section 153C deals with the assessment of income of any other person in relation to the searched person and section 153C(1) reads as under:

Assessment of income of any other person.

153C. (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 sub-section (1)of section 153A]

13. There is thus an in-built mechanism in 153C(1) as to how the block period is to be formulated. No doubt, the portion within parenthesis has been inserted only with effect from 1- 4-2017 and has no application in the case of the petitioner seeing as the date of search in its case ranges between 21-3-2015 to 11-1-2016. However, one hardly need to refer this portion, since the construction of the block is detailed in the last portion of section 153C(1) that states 'for the relevant assessment year or years referred to in sub-section (1) of section 153(1).

xxxx xxxx xxxx

15. Thus, the block is to comprise of the those assessment years immediately preceding the assessment year relevant to the previous year in which the search is conducted or requisition is made. Seen in this context, the inclusion of assessment year 2010-11 and 2011-12 in the case of RKM Powergen Limited and 2010-11 in the case of RK Powergen Private Limited is seen to be in order.

16. The first proviso to section 153C only deals with the date of initiation of search for the purpose of the second proviso to section 153A(1) to determine the abatement for the sake of completion...."

84. As would be evident from the above, although the decisions in Sarwar Agency and RRJ Securities were cited, the learned Judge chose to observe that the Section 153C(1) Proviso would only be liable to be construed as relevant for the purposes of abatement. We find ourselves unable to sustain that line of reasoning since both Sarwar Agency as well as RRJ Securities have struck a line which is in consonance with the view taken in SSP Aviation and which has since come to be affirmed by the Supreme Court in Jasjit Singh. In any case, the law as enunciated in RKM Powergen would not sustain bearing in mind the express enunciation of the legal position by the Supreme Court as is manifest from a reading of paragraph 9 of Jasjit Singh.

85. That then takes us to the principal question of identifying the point of origin for the purposes of computation of the six AYs' and the "relevant assessment year" as defined by Section 153A. As is manifest from a plain reading of Section 153C, the six AYs' are ordained to be those which immediately precede the AY relevant to the previous year in which the search may have been conducted or requisition made. The block of six AYs' would thus have to be identified bearing in mind the AY pertaining to the FY in

which the search had been conducted or requisition made. The aforesaid AY would thus constitute the anchor point for the purposes of identification of the six AYs'. The statute envisages a similar process to be adopted for the purposes of computation of the "relevant assessment year" and where applicable constructs a block of ten AYs'. The significant difference between the two however is that while the six AYs' hinge upon the phrase "immediately preceding" the AY pertaining to the search year, the ten AYs' are liable to be computed or reckoned from the end of the AY relevant to the year of search. In our considered opinion, the petitioners have correctly identified the aforesaid distinction as being crucial and determinative for the purposes of reckoning the six and the ten AY block period.

G. COMPUTATION OF THE SIX AND TEN YEAR BLOCK IN THE PRESENT BATCH OF WRIT PETITIONS

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 nonsearched 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.

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 No. of years period as provided under Section 153C of the Act 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 No. of years period as provided under Section 153C of the Act

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 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 No. of years period as provided under Section 153C read with Section 153A of the Act

91. Tested on the aforesaid precepts, it would be manifest that AY 2022-23 would form the first year of the block of ten AYs' and with the maximum period of ten AYs' terminating in AY 2013-14. We, in this regard also bear in consideration the following instructive passages as appearing in the decision handed down by a learned Judge of the Madras High Court in A.R. Safiullah. We deem it appropriate to extract the following paragraphs from that decision:-

> "9. Explanation-I is clear as to the manner of computation of the ten assessment years. It clearly and firmly fixes the starting point. It is the end of the assessment year relevant to the previous year in which search is conducted or requisition is made. There cannot be any doubt that since search was made in this case on 10.04.2018, the assessment year is 2019-20. The end of the assessment year 2019-20 is 31.03.2020. The computation of ten years has to run backwards from the said date i.e., 31.03.2020. The first year will of course be the search

assessment year itself. In that event, the ten assessment years will be as follows :

1st Year	2019-20
2nd Year	2018-19
3rd Year	2017-18
4th Year	2016-17
5th Year	2015-16
6th Year	2014-15
7th Year	2013-14
8th Year	2012-13
9th Year	2011-12
10th Year	2010-11

The case on hand pertains to AY 2009-10. It is obviously beyond the ten year outer ceiling limit prescribed by the statute. The terminal point is the tenth year calculated from the end of the assessment year relevant to the previous year in which search is conducted. The long arm of the law can go up to this terminal point and not one day beyond. When the statute is clear and admits of no ambiguity, it has to be strictly construed and there is no scope for looking to the explanatory notes appended to statute or circular issued by the department.

10. In the case on hand, the statute has prescribed one mode of computing the six years and another mode for computing the ten years. Section 153A(1)(b) states that the assessing officer shall assess or reassess the total income of six years immediately preceding the assessment year relevant to the previous year in which search is conducted. Applying this yardstick, the six years would go up to 2013-14. The search assessment year, namely, 2019-20 has to be excluded. This is because, the statute talks of the six years preceding the search assessment year. But, while computing the ten assessment years, the starting point has to be the end of the search assessment year. In other words, search assessment year has to be including in the latter case. It is not for me to fathom the wisdom of the parliament. I cannot assume that the amendment introduced by the Finance Act, 2017 intended to bring in four more years over and above the six years already provided within the scope of the provision. When the law has prescribed a particular length, it is not for the court to stretch it. Plasticity is the new mantra in neuroscience, thanks to the teachings of Norman Doidge. It implies that contrary to settled wisdom, even brain structure can be changed. But not so when it comes to a provision in a taxing statute that is free of ambiguity. Such a provision cannot be elastically construed.

11. One other contention urged by the standing counsel has to be dealt with. It is pointed out that the petitioner has invoked the writ jurisdiction at the notice stage. Since the petitioner has demonstrated that the subject

> assessment year lies beyond the ambit of the provision, the respondent has no jurisdiction to issue the impugned notice. Once lack of jurisdiction has been established, the maintainability of the writ petition cannot be in doubt."
>
> In our considered opinion, the decision in A.R. Safiullah correctly expounds the legal position and the interpretation liable to be accorded to the identification of the ten AYs' which are spoken of in Sections 153A and 153C.

92. List II, forming part of this batch pertains to cases where Satisfaction Notes of the AO of the non-searched person were drawn between the period 01 April 2022 to 31 March 2023 and 01 April 2023 to 31 March 2024. Tested on the principles enunciated by us in the preceding passages of this judgment, we come to the conclusion that the relevant six AYs' would comprise the following years, when computed for the period 01 April 2022 to 31 March 2023:-

Computation of the six-year block No. of years period as provided under Section 153C of the Act

93. The relevant block of six AYs' when computed for the period of 01 April 2023 to 31 March 2024 would be the following:

Computation of the six-year block No. of years period as provided under Section 153C of the Act

94. Similarly, and in light of what has been held by us hereinabove, the relevant block of ten AYs' when computed for the period 01 April 2022 - 31 March 2023, and where the Satisfaction Note was drawn by the AO of the non-searched person between those two dates, would be as under:-

Computation of the ten-year block No. of years period as provided under Section 153C read with Section 153A of the Act

95. The relevant block of ten AYs' when computed for the period 01 April 2023 – 31 March 2024, with the date of the Satisfaction Note drawn by the AO of the non-searched person falling within that period, would come to be identified as under:

Computation of the ten-year block No. of years period as provided under Section 153C read with Section 153A of the Act.

96. To recall, the petitions forming part of List I pertain to AYs' 2010-11, 2011-12 and 2012-13. So far as the aforenoted writ petitions are concerned, undisputedly AY 2010-11, 2011-12 and 2012-13 fall beyond the maximum period of ten AYs'. Since the ten AYs', when computed from the end of AY 2022-23 would terminate upon AY 2013-14, AYs' 2010-11, 2011-12 and 2012-13 would clearly fall outside the block period of ten AYs' and cannot legally or justifiably be reopened under Section 153C read with Section 153A of the Act.

97. Proceeding then to List II, we find that the petitions placed in that list pertain to cases where the hand over occurred in FYs 2022-23 and 2023-24. Consequently, the relevant AYs' would be AY 2023-24 and AY 2024-25 respectively. In light of the principles enunciated by us and which explain how the period of six and ten AYs' is liable to be computed, the reopening of assessments pertaining to AYs' 2010-11, 2011-12, 2012-13 and 2013-14 would clearly fall beyond the ambit of ten AYs' as provided under Section 153C read with Section 153A. We note in this behalf that all of the writ petitions forming part of List II pertain to the aforenoted AYs' 2010-11, 2011-12, 2012-13 and 2013-14.

> 98. We are therefore of the opinion that the Section 153C notices issued against the writ petitioners placed in List I and insofar as they pertain to AYs' 2010-11, 2011-12 and 2012-13 would not sustain being beyond the "relevant assessment year" which could have possibly formed the basis for initiation of action under that provision. Similarly, the Section 153C notices impugned by the writ petitioners placed in List II and insofar as they pertain to AYs' 2010-11, 2011-12, 2012-13 and 2013-14 and which have been found to fall outside the net of "relevant assessment year", being the ten year block, would be liable to be set aside on this score alone."

8. Respectfully following the aforesaid decisions, we are inclined to uphold the order of the ld. CIT (A) who has passed the well-reasoned and speaking order relying on the aforesaid decisions. Accordingly, the grounds taken by the Revenue are dismissed and the appeal being ITA No.2401/Del/2026 for AY 2010-11 is dismissed.

9. Since the facts in AY 2011-12 are exactly similar to AY 2010-11, our above findings in AY 2010-11 are applicable *mutatis mutandis* in AY 2011-12. Accordingly, the appeal filed by the Revenue in ITA No.2402/Del/2026 for AY 2011-12 is dismissed.

10. To sum up : in the result, both the appeals of the Revenue are dismissed.

Order pronounced in the open court on this 24th day of July, 2026.

Sd/-	**sd/-**
(SUNIL KUMAR SINGH)	**(S. RIFAUR RAHMAN)**
JUDICIAL MEMBER	**ACCOUNTANT MEMBER**

Dated: 24.08.2026
TS

Copy forwarded to:

1. assessee
2. Respondent
3. CIT
4. CIT(Appeals).
5. DR: ITAT

ASSISTANT REGISTRAR

ITAT, NEW DELHI