आयकर अपीलीय अधिकरण, बेंगलुरू पीठें, बेंगलुरू
INCOME TAX APPELLATE TRIBUNAL,
BANGALORE BENCHES, BANGALORE

BENCH: B

BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT
AND SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER

ITA 259-262 & 367-369/BANG/2026 (निर्धारण वर्ष/Assessment Years: **2013-14 to 2019-20**)		
UMAPATHY SRINIVASA GOWDA 2/7, 15TH MAIN, 22ND CROSS, HSR LAYOUT, 3RD SECTOR, BENGALURU-560102, KARNATAKA	**Vs.**	**DCIT, CENTRAL CIRCLE-2(1)** CENTRAL REVENUE BUILDING, QUEENS ROAD, BENGALURU-560001, KARNATAKA
अपीलार्थी **Appellant**		प्रत्यर्थी **Respondent**
Permanent Account Number of Assessee**:**		**ACJPU8029L**
अपीलार्थी द्वारा/Appellant represented by:		**Sri. V. Srinivasan, Advocate**
प्रत्यर्थी द्वारा/Respondent represented by:		**Shri N.S Shashidhara, CIT DR,** **Shri Pradeep. S, Addl. CIT**

सुनवाई की तारीख/Date of conclusion of hearing:	**24-Jun-2026**
घोषणा की तारीख/Date of pronouncement:	**24-Jul-2026**

आदेश / ORDER

PER BENCH: -

1. All These 7 appeals are filed by Shri Umapathy Srinivas Gowda [the Assessee/ Appellant] relate to assessment years 2013-14 to 2019-20 and arise from assessment orders passed pursuant to search proceedings under the Income-tax Act., involving similar issues, having common arguments, therefore after adjudicating the application of assessee for clubbing together, disposed by this common order.

2. The assessee is an individual engaged in the film business as a producer. He failed to file his return of income for A.Y. 2013-14. However, in response to the notice issued under section 153C of the Income-tax Act, 1961, he filed a return on 06.07.2022 declaring total income of Rs. 7,08,670/-. A search and seizure operation under section 132 of the Act was conducted on 03.01.2019 in the cases of Sri T. Vijayakumar, Shri C. R. Manohar and others. In connection with the same, a search was also conducted at the residential premises of Shri Sanjeev Sudeep. During the search proceedings, incriminating evidence relating to the assessee was found and seized. On analysis, the seized material was found to pertain to, and contain information relating to, the assessee. Based on the information and satisfaction received from the Assessing Officer of the searched person, and after recording satisfaction in the assessee's order sheet, a notice dated 06.12.2021 under section 153C of the Act was issued. The assessee filed his return in response to the said notice. Thereafter, in accordance with the provisions of the Act, notice under section 143(2) was issued on 17.10.2022. The assessment under section 153C was completed by determining the assessee's total income at Rs. 15,80,904/-, as against the returned income of Rs. 7,08,674/-, resulting in an addition of Rs. 8,72,230/-.

3. Similarly, assessments for A.Ys. 2014-15 to 2019-20 were completed under section 153C of the Income-tax Act, 1961 on 31.03.2023, as under:

Assessment Year	Assessed Income
A.Y. 2014-15	Rs. 46,29,993/-
A.Y. 2015-16	Rs. 95,72,713/-
A.Y. 2016-17	Rs. 4,37,27,838/-
A.Y. 2017-18	Rs. 30,28,15,028/-
A.Y. 2018-19	Rs. 12,10,07,247/-
A.Y. 2019-20	Rs. 84,00,474/-

4. The assessee preferred appeals before the learned CIT(A) for A.Ys. 2013-14 to 2019-20. He contended that the Assessing Officer's assumption of jurisdiction was bad in law and, consequently, the entire assessment proceedings were vitiated. He further argued that proper statutory notices were not issued, the sanctions obtained were legally invalid, and the satisfaction recorded under sections 153A and 153C was improper, rendering the assessments unsustainable. The assessee also submitted that the search was ultra vires section 132(1)(a), (b) and (c), and that the notice issued under section 153C was defective and barred by limitation. According to him, the assessment order was passed without granting a proper opportunity of being heard, without furnishing copies of the relied-upon material, and without permitting cross-examination. He therefore claimed that the order violated the principles of natural justice, was void ab initio, and was liable to be quashed. The learned CIT(A), however, held that there was no infirmity in the procedure followed by the Assessing Officer in completing the assessments under section 153C for the relevant assessment years, and that the notice under section 153C was validly issued on the basis of seized material found at another premises.

5. The assessee also challenged the disallowance of expenditure for the relevant assessment years, contending that the Assessing Officer was not justified in making such disallowances on the facts and circumstances of the case. The disallowances were Rs.9,16,673/- for A.Y. 2013-14, Rs. 16,34,911/- for A.Y. 2014-15, Rs.14,30,793/- for A.Y. 2015-16, and Rs.19,47,586/- for A.Y. 2016-17. Before the learned CIT(A), the assessee submitted that the amounts received from M/s Prism Cements related to quarry land leased to that company and were used for maintaining roads on the quarry land. Since no books of account were maintained, the assessee offered various amounts under section 44AD of the Act. However, the assessee could not rebut the Assessing Officer's finding that the lease rental agreement with Prism Cements provided for only a small monthly amount and did not justify receipt

of such substantial sums. The assessee also failed to produce supporting documents for the expenses claimed under section 57 during the appellate proceedings. The learned CIT(A) agreed with the Assessing Officer's findings and confirmed the additions of Rs. 9,16,673/-, Rs. 16,34,911/-, Rs. 14,30,793/- and Rs. 19,47,586/- for A.Ys. 2013-14, 2014-15, 2015-16 and 2016-17 respectively. The learned CIT(A) also confirmed additions under section 69 of the Act. During assessment proceedings, the Assessing Officer found total credits, including cash deposits, in the assessee's bank accounts amounting to Rs.35,00,000/- and Rs.3,66,01,597/- for F.Ys. 2014-15 and 2015-16 respectively. The assessee was asked to furnish details of these credits but failed to explain their source. As the assessee also did not provide the required bank details and corresponding sources during appellate proceedings, the learned CIT(A) confirmed additions of Rs. 35,00,000/- and Rs. 3,66,01,597/-for A.Ys. 2015-16 and 2016-17 respectively under section 69. Accordingly, the assessee's appeals for A.Ys. 2013-14 to 2016-17 were dismissed by appellate order dated 27.11.2025, and the appeals for A.Ys. 2017-18 to 2019-20 were dismissed by a separate appellate order of the same date.

6. The assessee is therefore before us in appeal.

7. The learned authorised representative, Shri V. Srinivasan, submitted that the proceedings under section 153C are invalid. He contended that the notice under section 153C was issued on 06.12.2021. According to him, the search was conducted in the case of searched persons on 03.01.2019, and the satisfaction in the assessee's case was recorded only on 26.11.2021. He submitted that, in the case of an "other person" under section 153C, the relevant date is the date on which the Assessing Officer having jurisdiction over such person receives the seized material and records satisfaction, and not the original date of search in the case of the searched person. Since that date falls after 01.04.2021, he argued that section 153C (3) applies and proceedings under section 153C could not have been initiated against the assessee. Section 153C (3), inserted with effect from 01.04.2021, provides

that section 153C shall not apply to a search initiated under section 132 or a requisition made under section 132A on or after that date. Therefore, as the satisfaction in the assessee's case was recorded on 26.11.2021, the notice issued under section 153C was without jurisdiction.

8. He submitted that the proceedings initiated under section 153C of the Act are invalid, as the notice dated 06.12.2021 was issued after the insertion of section 153C (3) with effect from 01.04.2021. According to the assessee, section 153C could not be invoked on the date of notice to assume jurisdiction over him, and the impugned order is therefore contrary to law and liable to be quashed. Without prejudice, he further submitted that the learned CIT(A) erred in upholding the assessment under section 153C despite the absence of the mandatory conditions for valid assumption of jurisdiction. Since the assessment was based on an invalid assumption of jurisdiction, it was bad in law and ought to have been annulled.

9. In support of his contention, the learned authorised representative relied on the decisions in *Smt. Geetanjali Bhayana v. DCIT*,[2026] 183 taxmann.com 95 [Delhi] *Harigovind v. Assistant Commissioner of Income Tax (Non-Corporate)* [2025] 180 Taxmann.com 197 and Shanmugasundaram Manoharan V DYCIT [2025] 181 taxmann.com 786 [Chennai] and other similar cases. He submitted that these decisions have followed the principle laid down by the Hon'ble Supreme Court in *CIT v. Jasjit Singh* [2023] 155 taxmann.com 155 [SC] and held that, for an "other person" under section 153C, the relevant date is the date on which the Assessing Officer having jurisdiction over such person receives the seized material and records satisfaction. Accordingly, he contended that the assessee's case is squarely covered by these decisions and that the notice issued under section 153C is without jurisdiction.

10. The Ld. DR has submitted as below: -

1. *At the outset, it is submitted that section 153C, as amended by the Finance Act, 2017 with effect from 01.04.2017, reads as under:*

   "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 pertains 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 income of such 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."

2. *Thus, it is submitted that section 153C underwent a material amendment by the Finance Act, 2017 with effect from 01.04.2017. Vide this amendment the words* ***"for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted, or requisition is***

made and" *are freshly inserted. Thus, it is obligatory on the part of the Assessing Officer to issue notice under Sec 153C for six years preceding the previous year in which search is conducted.*

3. *The assessee has placed reliance on the decision of the Hon'ble Supreme Court in* ***CIT v. Jasjit Singh [2025] 173 taxmann.com 575 (SC)*** *and the decision of the Hon'ble Madras High Court in* ***Harigovind v. Assistant Commissioner of Income Tax (Non-Corporate) [2025] 180 taxmann.com 197 (Madras)*** *to contend that the date on which the Assessing Officer of the other person receives the seized material and records satisfaction has to be treated as the date of initiation of search for the purposes of section 153C.*

4. *It is respectfully submitted that the factual and statutory context in Jasjit Singh [2025] 173 taxmann.com 575 (SC) is distinguishable. The assessment year involved therein was AY 2009-10 and the controversy pertained to determination of the block of assessment years covered under section 153C. The Hon'ble Supreme Court was concerned with interpretation of the first proviso to section 153C for the purpose of identifying the relevant six assessment years in the case of the other person. The ratio of the said decision cannot be extended beyond the issue which arose for consideration before the Court, especially under the circumstances post the amendment under Finance Act, 2017 as mentioned above.*

5. *It is further submitted that, after the amendment by the Finance Act, 2017, section 153C specifically refers to six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made. Therefore, the statutory focus is on the previous year in which the search is conducted and not on the subsequent administrative act of transmission of seized material or recording of satisfaction by the Assessing Officer of the other person.*

6. *The assessee has also relied upon the decision of the Hon'ble Madras High Court in Harigovind v. Assistant Commissioner of Income Tax (Non-Corporate) [2025] 180 taxmann.com 197 (Madras). However, a plain reading of the judgment would show that the Hon'ble High Court has followed the ratio laid down in Jasjit Singh while considering the effect of receipt of seized documents by the Assessing Officer of the other person. It is submitted that the decision does not examine the impact of the amended language of section 153C which expressly refers to the previous year in which search is conducted or requisition is made.*

7. *It is therefore submitted that the expression "search is conducted" occurring in section 153C has to be given its ordinary and contextual meaning. The said expression refers to the search action carried out under section 132 and the previous year in which such search takes place. It cannot be equated with the subsequent date on which the Assessing Officer of the other person receives the seized material or records satisfaction. The latter is only a procedural requirement for assumption of jurisdiction under section 153C and does not amount to initiation or conduct of a search.*

8. *Without prejudice, even assuming for the time being that the date of receipt of seized documents may be relevant in determining the assessment years covered under section 153C, the same cannot be imported into section 153C (3) so as to alter the statutory meaning of the expression "search initiated". The provisions of section 153C (3) refer to searches initiated under section 132 or requisitions made under section 132A and the reference is necessarily to the original search action conducted in the case of the searched person. It is further submitted that section 153C (1), is a standalone provision governing assumption of jurisdiction over the other person. The operation of section 153C (1) does not have any bearing on the*

interpretation or applicability of section 153C (3), which operates independently. In the present case, the search under section 132 was conducted on 03.01.2019, i.e., much prior to 01.04.2021. Therefore, the proceedings are traceable to a search initiated before 01.04.2021 and the bar contained in section 153C (3) has no application in the current case. Consequently, the notices issued under section 153C are valid in law and the assessee's challenge deserves to be rejected.

9. *In addition to the above, it is further submitted that in the present case, the Assessing Officer of the searched person under section 153A and the Assessing Officer of the appellant under section 153C are one and the same, namely ACIT/DCIT, Central Circle-2(1), Bengaluru. In such circumstances, the requirement of physical transmission or formal handing over of seized material from one Assessing Officer to another becomes purely notional. Once the seized material came into custody of the common jurisdictional Assessing Officer, there was constructive receipt of such material by the Assessing Officer having jurisdiction over the appellant. Therefore, the date of recording of satisfaction note cannot be equated with or substituted for the date of receipt of seized material.*

10. *Reliance is also placed on the decision in* ***Super Malls (P.) Ltd. vs. Principal Commissioner of Income Tax, 8 New Delhi [2020] 115 taxmann.com 105 (SC)*** *wherein it has been recognized that where the Assessing Officer of the searched person and the other person is the same, insistence on a separate act of transmission or handing over of documents would amount to a meaningless procedural ritual. The substantive requirement of law stands satisfied once the common Assessing Officer is in possession of the seized material. The subsequent recording of the satisfaction note is only a procedural step for assumption of jurisdiction under section 153C*

and does not alter the fact of receipt of seized material by the jurisdictional Assessing Officer.

11. *In view of the aforesaid facts and submissions, it is respectfully submitted that the search under section 132 in the present case was initiated on 03.01.2019, which is much prior to 01.04.2021. The seized material had already come into legal custody of the jurisdictional Assessing Officer well before the said date, and the subsequent recording of satisfaction note, being merely a procedural requirement for assumption of jurisdiction under section 153C, cannot be treated as the date of initiation of search. It is further submitted that section 153C (1), post amendment, is a standalone provision governing assumption of jurisdiction over the other person and does not have any bearing on the interpretation or applicability of section 153C (3), which operates independently. Consequently, the bar under section 153C (3) has no application to the present case, and the notices issued under section 153C as well as the consequential assessment proceedings are valid in law. Accordingly, the assessee's contention deserves to be rejected.*

11. We have considered the rival contentions and perused the material on record. The issue for consideration is whether the notice issued under section 153C is hit by section 153C (3) of the Act. In the present case, the search was conducted on 03.01.2019, while the satisfaction in the assessee's case was recorded on 26.11.2021. The assessee contends that, for a person other than the person searched, the relevant date is the date on which the Assessing Officer having jurisdiction over such other person receives the seized material and records satisfaction. Therefore, according to the assessee, since the relevant date falls after 01.04.2021, the proceedings under section 153C are barred by section 153C (3). It is undisputed that, although the original date of search remains relevant in the case of the searched person, a separate deemed date applies in the case of an "other person" under section 153C,

namely the date of receipt of the seized material by the Assessing Officer having jurisdiction over such person.

12. For this situation, three provisions are relevant and must be read together. First, section 153C(1) provides the substantive mechanism under which the Assessing Officer of the “other person”, after recording the requisite satisfaction, proceeds to assess or reassess in accordance with section 153A. Secondly, the first proviso to section 153C(1), which is central to the present controversy, deems the reference in the second proviso to section 153A(1) to the date of initiation of search under section 132, or requisition under section 132A, to mean the date on which the books of account, documents or assets seized or requisitioned are received by the Assessing Officer having jurisdiction over such other person. Thirdly, section 153C (3), inserted by the Finance Act, 2021 with effect from 01.04.2021, provides that nothing contained in section 153C shall apply to a search initiated under section 132 or requisition made under section 132A on or after 01.04.2021. A corresponding sunset provision was also inserted in section 153A (4) of the Act. Further, After the Finance Act, 2021, the legislative scheme is that searches initiated up to 31.03.2021 continue to be governed by sections 153A to 153D, whereas searches initiated on or after 01.04.2021 fall under the substituted reassessment regime in sections 147, 148 and 148A, with the search treated as deemed information suggesting escapement of income. The dividing line is therefore the date of initiation of the search. The assessee’s argument is that , for an “other person”, the first proviso to section 153C(1) deems the date of initiation of search to be the date on which the Assessing Officer of that person receives the seized material; secondly, on the present facts, that date is not earlier than 01.04.2021, when the Assessing Officer of assessee recorded satisfaction and issued notice, while the actual search on searched person was on 03/01/2019 is irrelevant for fixing the deemed date qua this assessee ; thirdly, since the deemed date falls on or after 01.04.2021, section 153C(3) applies and section 153C ceases to operate; and finally, if any proceedings were to be initiated against assessee they ought to have

been taken under section 148, making the impugned notice under section 153C without jurisdiction.

13. The learned CIT-DR submits that a legal fiction must be confined to the purpose for which it is created and cannot be extended beyond it, as held in *State of Bombay v. Pandurang Vinayak*, AIR 1953 SC 244, and *CIT v. Mother India Refrigeration Industries (P.) Ltd.*, (1985) 155 ITR 711 (SC). On this basis, he contends that the deeming provision in the first proviso to section 153C (1) is, by its terms, limited to the second proviso to section 153A (1). It operates only to determine the block of assessment years and the point of abatement and cannot be applied to section 153C (3), which is a transitional provision linked to the actual search. Since there was only one search under section 132, namely the search on 3/1/2019, which preceded the cut-off date, he contends that section 153C continues to apply and the notice is valid.

14. We find that scope of the deeming provision in the first proviso to section 153C (1) is settled. For an "other person", the relevant assessment years are reckoned not from the date of search on the searched person, but from the date on which the seized material is received by the Assessing Officer of the other person. This principle was laid down by the Delhi High Court in *Commissioner of Income-tax-7 vs. RRJ Securities Ltd. [2015] 62 taxmann.com 391 (Delhi)/ [2016] 380 ITR 612 (Delhi)/ [2016] 282 CTR 321 (Delhi) [30-10-2015],* following *SSP Aviation Ltd. v. DCIT*, [2012] 20 taxmann.com 214 (Delhi)// [012] 207 Taxman 260 (Delhi)/ [2012] 346 ITR 177 (Delhi)/ [2012] 252 CTR 291 (Delhi) [29-03-2012]. The Delhi High Court in *CIT v. Ojjus Medicare (P.) Ltd.*, TS-5183-HC-2024(Del) [2024] 161 taxmann.com 160 (Delhi)/ [2024] 465 ITR 101 (Delhi) [03-04-2024], has also explained the mechanics of computing the block with reference to the deemed year of search.

15. Thus, the application of this deeming provision to the sunset clause in section 153C (3) is supported by a recent and consistent line of decisions accepting the assessee's contention. In *Harigovind v. ACIT (Non-Corporate)*, 2025 LiveLaw (Mad) 492 [2025] 180 taxmann.com 197 (Madras)/[2026] 308 Taxman 188 (Madras)/[2026] 485 ITR 509 (Madras)[28-10-2025] , the Madras

High Court held that there cannot be two different dates of initiation of search and that, where the deemed date qua the other person, namely the date of receipt of material, falls after 01.04.2021, section 153C(3) makes section 153C inapplicable, even if the search on the third party was conducted before the cut-off date.

16. The decision in *Shri Harigovind & Another v. Assistant Commissioner of Income Tax & Others*, W.P. Nos. 23014 of 2023 and connected matters, decided by the Madras High Court, [2025] 180 taxmann.com 197 (Madras)/ [2026] 308 Taxman 188 (Madras)/ [2026] 485 ITR 509 (Madras) [28-10-2025], is directly applicable. In that case, a search on a third party had taken place in 2019; the seized material was handed over to the Assessing Officer having jurisdiction over the petitioners, being the "other persons", on 25.11.2022; and notices under section 153C dated 07.02.2023 were issued for A.Ys. 2013-14 to 2019-20. The petitioners argued that, by virtue of the first proviso to section 153C (1), the date of initiation of search qua them was 25.11.2022, which was after 01.04.2021, and therefore section 153C (3) applied and excluded the operation of section 153C. The Revenue raised the very contention referred to above, namely that the relevant date was the original search date in 2019 and that the proviso to section 153C applied only for abatement or computation of the block period, not for section 153C (3). The Court rejected that submission, held the notices unsustainable in view of section 153C (3), and quashed all impugned notices dated 07.02.2023. The decision therefore supports the assessee and rejects the Revenue's position. The present state of authority, including *Harigovind*, *Geetanjali Bhayana* and *Abhisar Estates*, is uniform: for an "other person", the deemed date of initiation governs the sunset clause, and where the handover or satisfaction date is on or after 01.04.2021, proceedings cannot be continued under section 153C

17. The Delhi Benches of the Tribunal have adopted the same view in *Smt. Geetanjali Bhayana v. DCIT*, ITA Nos. 2227, 2228 and 2252/Del/2025[supra] and Chennai benches have also adopted the similar view, where notices after 1/4/2021 were quashed.

18. The learned CIT-DR could not point to any High Court or Tribunal decision taking the contrary view, namely that, for an "other person", the actual date of search on the searched person governs the sunset provision in section 153C (3). The Revenue's reliance on the principle that a legal fiction must be confined to its purpose therefore remains unsupported by judicial authority and is inconsistent with the statutory language, which itself provides the deemed date of initiation.

19. Applying the above legal position to the facts before us, respectfully following the decision of Honourable madras High court, we find that the satisfaction in the assessee's case was recorded on 26.11.2021, after 01.04.2021. Therefore, for the purposes of section 153C, the deemed date relevant to the assessee falls after the cut-off date prescribed in section 153C (3). Consequently, the proceedings initiated under section 153C are without jurisdiction, and the assessment orders passed pursuant to such notices cannot be sustained.

20. In view of our finding that the proceedings initiated under section 153C are without jurisdiction, the other grounds raised by the assessee have become academic and do not require separate adjudication.

21. Accordingly, the appeals filed by the assessee are allowed.

Order pronounced in the open court on 24.07.2026.

Sd/-	**Sd/-**
SANDEEP SINGH KARHAIL **JUDICIAL MEMBER**	**PRASHANT MAHARISHI** **VICE PRESIDENT**

Bangalore
Dated: 24.07.2026

TNTS/DSM

Copy to:

1	**UMAPATHY SRINIVASA GOWDA,** 2/7, 15TH MAIN, 22ND CROSS, HSR LAYOUT, 3RD SECTOR, BENGALURU-560102, KARNATAKA
2	**DCIT, CENTRAL CIRCLE-2(1),** CENTRAL REVENUE BUILDING, QUEENS ROAD, BENGALURU-560001, KARNATAKA
3	THE PCIT / CIT,
4	THE CIT(APPEALS)
5	THE D.R., ITAT, BANGALORE BENCH

BY ORDER

ASSISTANT REGISTRAR
I.T.A.T., BANGALORE