

## No reassessment merely on information supplied by Investigation Wing if all facts were disclosed at original assessment

**Summary – The High Court of Allahabad in a recent case of Light Carts (P.) Ltd., (the Assessee) held that where assessee disclosed all material facts necessary for assessment, Assessing Officer could not reopen assessment after expiry of four years from end of relevant year merely on basis of information supplied by Investigation Wing that certain income earned by assessee had escaped assessment**

### Facts

- For relevant assessment year, the Assessing Officer sought to reopen assessment after expiry of four years on the basis of information supplied by the Investigation Wing of the Department that certain income earned by assessee had escaped assessment.
- The Tribunal finding that there was no failure on part of the assessee to disclose all material facts necessary for assessment, set aside the reassessment proceedings.
- On revenue's appeal:

### Held

- A plain reading of the first proviso reveals that for the purposes of initiating reassessment proceedings, the authorities have to be satisfied that the income chargeable to tax has escaped assessment for the relevant assessment year by reason of:—
  1. Failure on the part of the assessee to make a return under section 139;
  2. Failure on the part of the assessee to make a return in response to a notice issued under sub-section (1) of section 142 or section 148; or
  3. to disclose fully and truly all material facts necessary for his assessment of the relevant year.
- In this way, the authorities have to be satisfied that the income of the assessee has escaped assessment *inter alia* for the reason of non-disclosure of true and full material facts necessary for assessment.
- Thus, the authority competent to initiate re-assessment proceedings must record his satisfaction that the income of the assessee had escaped assessment by reason of non-disclosure of full and true material facts necessary for assessment.
- A perusal of the reasons to believe as supplied by the department reveals that though it has been contended that on the information received from the Investigation Wing, the income of the

assessee had escaped assessment but it no where states that the assessee had failed to disclose the true and full particulars necessary for the assessment of tax for the relevant year.

- The Tribunal in the impugned order has returned a categorical finding that the Assessing Officer was legally required to record satisfaction that the income of the assessee had escaped assessment for non-disclosure of true and full material facts necessary for assessment but the reasons to believe recorded reveals that it contains no whisper or any allegation that the assessee had failed to disclose full and true material facts necessary for assessment and that its income had escaped assessment for want of such disclosure.
- The aforesaid finding rendered by the Tribunal is a pure finding of fact.
- In the result, the assessee's appeal stands dismissed.