

Reassessment justified as foreign co. failed to give segregated details of its receipts from outside & inside India

Summary – The High Court of Uttarakhand in a recent case of Invensys Process Systems (S)., (the Assessee) held that where assessee company, incorporated in Singapore, had also conducted business in India during year and did not bifurcate receipts into inside and outside India, reassessment was justified

Facts

- The assessee-company incorporated in Singapore, was engaged in the business of providing services and facilities in connection with exploration and extraction and production of mineral oils. During the year under consideration, the assessee had filed the return of income. The Assessing Officer completed the assessment u/s 143(3).
- Later, the Assistant Director issued a notice under section 148 by to reassess the income of the assessee alleging the same to have escaped assessment. He had categorically held that there was failure on the part of the assessee in bifurcating the receipts into outside India and inside India. The assessee had also conducted the business in India with regard to its contract with ONGC during the year and had, thus, failed to tax the entire receipts in India as business income at maximum marginal rate as per the Income-tax Act. There was also failure on the part of the Assessing Officer in computing the income from outside India at a low rate. In the relevant assessment year, whether the receipts were taxed as business income, was never discussed by the Assessing Officer. Issue for taxation of entire revenue in India was not taken up by the Assessing Officer. Thus, according to the reasons assigned, there was tangible material for formation of belief by the Assessing Officer to reopen the assessment.
- On the assessee's appeal to the High Court:

Held

- It is not the change of opinion but the reassessment has been ordered on the basis of the tangible material placed on record necessitating the reassessment. Sufficient reasons have been assigned for reopening of the assessment. The objections raised by the petitioner company have been specifically dealt with by the Assistant Director of Income tax Impugned order passed by the Assistant Director of Income tax is detailed and reasoned and in conformity with the law laid down by their Lordships in the judgments cited hereinabove.
- Accordingly, there is no merit in this petition and the same is hereby dismissed.