IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 25.08.2026
DELIVERED ON : 23.09.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.A.Nos.3427, 3443, 3440, 3438, 3446, 3442 of 2023; 3233, 1243, 1241, 1121, 1118, 1117, 1137, 1139, 1135, 1134, 1133, 1130, 1128, 1126, 1125, 375, 292, 262, 248, 249 and 253 of 2024, and C.M.P.Nos.28164, 28174, 28162, 28179, 28193 and 28086 of 2023; 24988, 9122, 9125, 8097, 8130, 8126, 8116, 8124, 8095, 8101, 8084, 8048, 8038, 8121, 8114, 2494, 1796, 1662, 1535, 1588, 1549 of 2024

W.A.No.3427 of 2023:

Agni Estates and Foundations Pvt. Ltd
Rep by its Authorized Signatory
S.Santhosh Kumar, No.76, Temple Towers
North Mada Street, Mylapore
Chennai – 600 004.

Appellant(s)

Vs

1. The Deputy Commissioner of Income Tax
Central Circle 2(1) New Income Tax Building,
No.46, MG Road, Nungambakkam,
Chennai – 600034.

2. The Additional Commissioner of Income Tax
Central Range 2, Investigation Wing,
1st Floor, No.46, MG Road, Nungambakkam
Chennai – 600034.

Respondent(s)

and batch cases

For appellants in WA Nos.3427, 3443, 3446, 3440, 3438, 3442 of 2023 and 1139, 1133, 1134, 1130, 1117, 1118, 1121, 1125, 1126, 1128, 1135 and 1137 of 2024 and for respondents in WA Nos.1241, 1243, 248, 3233, 375, 253, 262, 292 and 249 of 2024	:	Mr.Arvind Datar, Senior Counsel, for M/s.M.V.Swaroop, Rajagopalan.R. and Ms.Dwadarshini
For Appellants in WA Nos.1241, 1243, 248, 3233, 375, 253, 262, 292 and 249 of 2024 and For Respondents in WA Nos.3427, 3443, 3446, 3440, 3438, 3442 of 2023 and 1139, 1133, 1134, 1130, 1117, 1118, 1121, 1125, 1126, 1128, 1135 and 1137 of 2024	:	Mr.AR.L.Sundaresan, Addl. Solicitor General, assisted by Mr.A.P.Srinivas, Sr.Standing Counsel and Mr.A.N.R.Jayapratap, Jr.Standing Counsel

COMMON JUDGMENT

THE CHIEF JUSTICE

Since both sets of writ appeals arise out of and are directed against the very same common order dated 19.09.2023 passed by the learned Single Judge in W.P.No.1498 of 2022 and batch cases, and turn upon an identical question of law, namely, the true and correct method of computing limitation under Section 153B of the Income-tax Act, 1961 ("*the Act*") read with the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 ("*TOLA*"), they were heard together and are disposed of by this common judgment.

2. For convenience, the parties are referred to as "*the assessee*" and "*the Revenue*".

FACTUAL MATRIX:

3.1. The assessee's premises were searched under Section 132 of the Act on 05.07.2018, consequent upon which notices under Section 153A were issued for Assessment Years 2011-2012 to 2019-2020. The assessee unsuccessfully challenged those notices in an earlier round of writ proceedings, which were dismissed on 17.03.2021. Pending that earlier round, the assessee had enjoyed interim protection from this Court for a substantial length of time. While dismissing those writ petitions, the court directed the Revenue to proceed with the assessments, which culminated in nine separate assessment orders, all dated 28.01.2022 / 29.01.2022, passed under Section 144 read with Section 153A of the Act for Assessment Years 2011-2012 to 2019-2020. Consequential penalty proceedings under Sections 271(1)(c), 271AAB, 271AAC(1) and 271B of the Act followed, all culminating in orders dated 25.07.2022 / 27.07.2022 / 28.07.2022.

3.2. The assessee assailed the assessment orders, the antecedent notices dated 22.12.2021 and the penalty orders in the batch of writ petitions referred to above, principally on the ground that the assessments were barred by limitation under Section 153B of the Act. The learned Single Judge, by the impugned common order dated 19.09.2023, divided the nine assessment years into two baskets:

(a) First basket – Assessment Years 2011-12, 2012-13 and 2019-20, being years in which the assessee had not obtained any interim protection at the threshold, i.e., no writ petitions challenging the notices under Section 153A of the Act were filed at the original stage seeking a prohibition; and

(b) Second basket – Assessment Years 2013-14 to 2018-19, being years in which interim stay had in fact been granted and continued for varying periods pending W.P.Nos.35076, 13209, 13218, 13368, 35082, 35084, 35086, 35088 and 35090 of 2019 and connected proceedings.

3.3. As regards the first basket, the learned Single Judge held that, in the absence of any exclusion available under the Explanation to Section 153B (there being no stay), the last date for completion of assessment, after applying the benefit of TOLA, was 30.09.2021; since the assessment orders were passed only on 28.01.2022 or 29.01.2022, they were held to be barred by limitation, and were accordingly set aside.

3.4. As regards the second basket, the learned Single Judge held that the *statutory* date under Section 153B of the Act, taken solely with reference to the "*main provision*", fell on 30.09.2020; that this date, falling within the window prescribed under Section 3(1) of TOLA (20.03.2020 to 31.03.2021), stood extended in the first instance to 30.09.2021; and that it was *only thereafter* that the benefit of the exclusion of the stay period under Explanation (i) to Section 153B of the Act (computed at 16 months and 24 days, i.e., 288 days pendente lite the writ petitions plus 53 days pendente lite the writ appeals) was to be superimposed, producing a terminal date of 20.04.2023. On this reasoning, the assessment orders dated 28.01.2022/29.01.2022, having been passed well before 20.04.2023, were held to be within time, and the challenge to the assessments (and consequential penalty orders) for Assessment Years 2013-14 to 2018-19 was rejected.

3.5. It is this bifurcated conclusion that has given rise to the cross-appeals now before us — the assessee's appeals (WA Nos.3427, 3443, 3446, 3440, 3438, 3442 of 2023 and 1139, 1133, 1134, 1130, 1117, 1118, 1121, 1125, 1126, 1128, 1135 and 1137 of 2024), assailing the confirmation of the assessments for AYs 2013-14 to 2018-19; and the Revenue's appeal (WA Nos.1241, 1243, 248, 3233, 375, 253, 262, 292 and 249 of 2024), assailing the setting aside of the assessments for AYs 2011-12, 2012-13 and 2019-20.

THE CONTENTIONS OF THE ASSESSEE:

4. Mr.Arvind Datar, learned Senior Counsel appearing for the assessee, has advanced the following principal contentions:

(i) The Explanation to Section 153B of the Act opens with the words "*In computing the period of limitation under this section*", a phraseology which, on settled principles of statutory interpretation, renders the Explanation an inseparable and organic part of the "main provision" and not an independent, free-standing clause to be applied only after the main provision has run its full, unexplained course.

Reliance is placed on *CIT v. Plantation Corporation of Kerala Ltd*[1], and *K.P. Madhusudhanan v. CIT*[2], for the proposition that an Explanation of this character forms part and parcel of the section to which it is appended and colours the meaning of the substantive provision itself.

(ii) This very principle has been applied by this Court, in the context of the *pari materia* provision, viz., Section 153 of the Act read with Explanation 1, in *Pfizer Healthcare India (P.) Ltd. v. DCIT*[3], where it was held that Section 153 of the Act deals exclusively with limitation together with the statutory extensions and exclusions engrafted in the Explanation thereunder; a view since affirmed in writ appeal in *DCIT v. Saint Gobain India (P.) Ltd*[4].

(iii) The expression "*any time-limit... specified in, or prescribed or notified under, the specified Act*" occurring in Section 3(1) of TOLA cannot mean the truncated, artificial date thrown up by the main limb of Section 153B(1) read in isolation; it can only mean the composite limitation period that results after the Explanation (*including the exclusion of the period during which assessment proceedings stood*

[1] *AIR 2000 SC 3714*
[2] *(2001) 251 ITR 99 (SC)*
[3] *[2023] 452 ITR 187 (Mad)*
[4] *[2022] 444 ITR 636 (Mad)*

stayed by order of a competent court) has already been factored in. The heading of Section 153B of the Act itself, viz., "*Time limit for completion of assessment under section 153A*", read with the words contained in Section 3(1) of the TOLA, which speak of "*any time-limit*", reinforces this holistic reading; reliance is placed on *Union of India v. ABN Amro Bank*[5], for the proposition that where the language of a provision is unambiguous, its heading strengthens rather than displaces that plain meaning.

(iv) On facts, the interim stay first granted on 18.12.2019 was extended from date to date and stood unextended and, therefore, lapsed on 23.07.2020, when the matter was taken up for hearing but no further extension was granted. Reliance is placed on *Ashok Kumar & Ors. v. State of Haryana*[6], and *Arjan Singh v. Punit Ahluwalia*[7], for the settled proposition that an interim order extended only up to a specified date, and not thereafter renewed, *ipso facto* expires on that date and there is no room for any *bona fide* belief that it continues until formally vacated. On this basis, the stay endured for 218 days (18.12.2019 to 23.07.2020).

[5] *(2013) 16 SCC 490*
[6] *AIR 2007 SC 1411*
[7] *AIR 2008 SC 2718*

(v) Applying that 218-day exclusion to the "main provision" date of 30.09.2020, the terminal date for completion of assessment. computed strictly under Section 153B of the Act, Explanation included, and without reference to TOLA at all, works out to 07.05.2021. On this date being tested against the window prescribed under Section 3(1) of TOLA, viz., a time-limit "specified... under the specified Act" which "*falls during the period from the 20th day of March, 2020 to the 31st day of December, 2020, or such other date... as the Central Government may... specify*" (extended, by notification, to 31.03.2021), it is evident that 07.05.2021 falls outside that window. TOLA, being available only where the computed time-limit itself falls within the stipulated window, is consequently inapplicable, and there is no further extension to 30.09.2021 or beyond.

(vi) Even adopting the Revenue's own alternative computation, viz., treating the stay as subsisting, by virtue of the suo motu COVID-19 orders passed by the Division Bench in W.P.No.7413 of 2020, until 04.11.2020, but capping the exclusion at the point the original 18-month period would in any event have expired (30.09.2020), giving 287 days, the resultant date is 19.08.2021, which again falls outside the TOLA window ending 31.03.2021.

(vii) The learned Single Judge fell into error in reversing this sequence, viz., first extending the "main provision" date under TOLA to 30.09.2021, and only thereafter superimposing the Explanation-exclusion of 16 months and 24 days atop that already-extended date, to arrive at 20.04.2023. This method, it is submitted, does violence to the plain text of the Explanation ("*in computing the period of limitation under this section*"), renders the first proviso to the Explanation otiose, and produces a limitation period that mechanically and indefinitely expands each time a further stay is added, a result wholly antithetical to the very concept of a period of limitation, and one that a beneficial, pandemic-era relaxation statute such as TOLA could never have intended to produce for the burden of an assessee.

(viii) In the alternative, and without prejudice, it is submitted that even if TOLA is held applicable at all, the Explanation itself provides that the time limit under Section 153B of the Act is what must be tested against, and extended by, TOLA and, in any event, the resultant date cannot be stretched to 27/28.01.2022, since the Division Bench stay pending the writ appeals (15.04.2021 to

07.06.2021) restrained only the passing of the assessment order and expressly permitted the conduct of assessment proceedings.

(ix) Limitation provisions require strict construction, and an extension cannot be read into a statute unless the case falls squarely within the four corners of the exempting or extending clause. Reliance is placed on *K.M. Sharma v. ITO*[8]; *New Noble Educational Society v. CCIT*[9]; *R. Rudraiah v. State of Karnataka*[10]; and *Hope Textiles Ltd. v. Union of India*[11].

THE CONTENTIONS OF THE REVENUE

5. Mr.AR.L.Sundaresan, learned Additional Solicitor General of India appearing on behalf of the Revenue, resisted the assessee's appeals and pressed the Revenue's own appeals, principally contending as follows:

(i) Section 153B(1) of the Act, read with the second proviso,

8 *[2002] 254 ITR 772 (SC)*
9 *[2022] 448 ITR 594 (SC)*
10 *(1998) 3 SCC 23*
11 *(1994) 205 ITR 508 (SC)*

prescribed 18 months (549 days) from the end of the financial year in which the last search authorisation was executed (01.04.2019), producing 30.09.2020 as the "statutory" date; since this date itself falls squarely within the window prescribed under Section 3(1) of TOLA (20.03.2020 to 31.03.2021), TOLA is attracted on this date alone, and the period stands extended, by virtue of Section 3(1) of TOLA and successive notifications, to 30.09.2021.

(ii) The language of Section 3(1) of TOLA speaks of "*any time-limit has been specified in, or prescribed or notified under, the specified Act which falls during*" the stipulated window and not of "*the time prescribed for passing the orders*" or the date on which such time-limit, after exclusions, ultimately expires. It is submitted that the provision fastens on the point of origin of the time-limit (i.e., the date on which the statutory clock, as such, is set to run out under the "main" provision) and not on any later, exclusion-adjusted expiry date; and since that point of origin (30.09.2020) admittedly falls within the window, TOLA applies.

(iii) Once TOLA is triggered on this basis, the exclusion available under Explanation (i) to Section 153B for the period during which assessment proceedings were stayed by order of court is to be reckoned and added on top of the TOLA-extended date of 30.09.2021, and not before. On this reckoning, the stay period pending the writ petitions is computed at 288 days (18.12.2019 to 4.11.2020, taking benefit of the suo motu COVID extension orders passed by the Division Bench in W.P.No.7413 of 2020), and a further 53 days pending the writ appeals (15.04.2021 to 07.06.2021), aggregating to 341 days. Adding 341 days to 30.09.2021 produces a terminal date well beyond 28.01.2022, rendering the assessment orders within the time limit for all nine years, including AYs 2011-12, 2012-13 and 2019-20.

(iv) The aforesaid being the correct construction, and having been so accepted by the learned Single Judge in paragraphs 19 to 21 of the impugned order (albeit only in relation to the second basket of years), the same reasoning ought, a fortiori, to have been extended to the first basket of years (AYs 2011-12, 2012-13 and 2019-20) as well and the assessee's appeals ought to be dismissed and the Revenue's appeals allowed in its entirety.

THE STATUTORY FRAMEWORK

6. It is necessary, at this stage, to set out the relevant statutory provisions. The relevant portion of Section 153B of the Act reads as under:

> "***153B. Time limit for completion of assessment under section 153A.***
>
> *(1) Notwithstanding anything contained in section 153, the Assessing Officer shall make an order of assessment or reassessment,—*
>
> *...*
>
> *Provided further that in the case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2018,—*
>
> *(i) the provisions of clause (a) or clause (b) of this sub-section shall have effect, as if for the words "twenty-one months", the words* ***"eighteen months"*** *had been substituted;*
>
> *...*
>
> *Explanation.—****In computing the period of limitation under this section****—*

(i) the period during which the assessment proceeding is stayed by an order or injunction of any court*; or*

...

shall be excluded*"*

[emphasis supplied]

7. Section 153B(1) of the Act, so far as material, and the second proviso thereto (as applicable to searches conducted after 01.04.2019, reducing the ordinarily prescribed 21-month period to 18 months), together prescribe the outer time-limit for completion of assessment pursuant to search. In the present case, it is common ground between the parties, and so recorded by the learned Single Judge, that this "main provision" date works out to 30.09.2020. The Explanation to Section 153B of the Act commences with the words "***In computing the period of limitation under this section*** —" and thereafter sets out several categories of periods that "*shall be excluded*", including, materially "***(i) The period during which the assessment is stayed by an order or injunction of any court; or ... ... shall be excluded***."

8. Section 3(1) of TOLA provides, in material part, that:

"3.(1) ***Where, any time-limit has been specified in, or prescribed or notified under, the specified Act which falls during the period from the 20th day of March, 2020 to the 31st day of December, 2020, or such other date after the 31st day of December, 2020, as the Central Government may, by notification, specify in this behalf, for the completion or compliance of such action as*****—**

(a) completion of any proceeding or passing of any order or issuance of any notice, intimation, notification, sanction or approval, or such other action, by whatever name called, by any authority, commission or tribunal, by whatever name called, under the provisions of the specified Act;

...

(c) in case where the specified Act is the Income-tax Act, 1961,—

...

(ii) beginning of manufacture or production of articles or things or providing any services referred to in section 10AA of that Act, in a case where the letter of approval, required to be issued in accordance with the provisions of the Special Economic Zones Act, 2005, has been issued on or before the 31st day of March, 2020, ***and where completion or compliance of such action has not been made within such time,***

> ***then, the time-limit for completion or compliance of such action shall, notwithstanding anything contained in the specified Act, stand extended to the 31st day of March, 2021, or such other date after the 31st day of March, 2021, as the Central Government may, by notification, specify in this behalf**:"*
>
> [emphasis supplied]

9. It is not in dispute that, by successive notifications, the terminal date under TOLA in relation to income-tax assessments of the present kind was ultimately extended up to 30.09.2021.

THE CENTRAL QUESTION: SEQUENCING OF THE EXPLANATION AND TOLA

10. Succinctly put, the entire controversy on which both sets of appeals turn reduces itself to a single, narrow but consequential question of sequencing: does one first ascertain the "time-limit... specified... under the specified Act" (for the purpose of testing its fall within the TOLA window, and its consequent extension) by reference to the Explanation-adjusted, composite period of limitation under Section 153B; or does one instead ascertain it solely by reference to the bare

"main provision" contained in Section 153B(1), reserving the Explanation-based exclusions for later, cumulative addition atop the TOLA-extended date?

11. We have given this question our anxious and considered attention.

12. The opening words of the Explanation — "*In computing the period of limitation under this section*" — are neither surplusage nor decorative. The Supreme Court in *Plantation Corporation of Kerala Ltd* (supra) held thus:

> *"4. The High Court appears to have been carried away by the fact of some assumed similarity of the purpose of expenditure envisaged in Section 5(j) and those covered by Explanation 2 and from the further fact of retrospective effect having been given to the said explanation with effect from 1-4-1951, to presume that in doing so the legislative intention indicated was to avoid refunds being made on account of the Supreme Court judgment reported in Travancore Rubber & Tea Co. Ltd. case which, in turn, concerned Section 5(j) of the Act. This in our view is fallacious and cannot be so presumed. The decision of the Supreme Court declaring the position of law on the scope of Section 5(j) might*

have been the occasion for the legislature to enact Explanation 2, and that too with retrospective effect but the said occasion would have equally enlightened and served as an eye-opener about the need for enacting the explanation in such a manner as to avoid similar claims being projected in respect of expenditure or deductions envisaged in the various other limbs of Section 5 as well, apart from clause (j) alone. ***This Court has always been reiterating that if the intendment is not in the words used it is nowhere else and so long as there is no ambiguity in the statutory language resort to any interpretative process to unfold the legislative intent becomes impermissible and the need for interpretation arises only when the words in the statute are on their own terms ambivalent and do not manifest the intention of the legislature*** *(vide Doypack Systems (P) Ltd. v. Union of India and Keshavji Ravji & Co. v. CIT). That apart,* ***an explanation is intended to either explain the meaning of certain phrases and expressions contained in a statutory provision or depending upon its language it might supply or take away something from the contents of a provision and at times even to, by way of abundant caution, clear any mental cobwebs surrounding the meaning of a statutory provision spun by interpretative process to make the***

position beyond controversy or doubt*."*

[emphasis supplied]

13. In *K.P. Madhusudhanan* (supra), the Supreme Court held thus:

"10. We find it difficult to accept as correct the two judgments aforementioned. ***The Explanation to Section 271(1)(c) is a part of Section 271****. When the Income Tax Officer or the Appellate Assistant Commissioner issues to an assessee a notice under Section 271, he makes the assessee aware that the provisions thereof are to be used against him.* ***These provisions include the Explanation. By reason of the Explanation, where the total income returned by the assessee is less than 80 per cent of the total income assessed under Section 143 or 144 or 147, reduced to the extent therein provided, the assessee is deemed to have concealed the particulars of his income or furnished inaccurate particulars thereof, unless he proves that the failure to return the correct income did not arise from any fraud or neglect on his part****. The assessee is, therefore, by virtue of the notice under Section 271 put to notice that if he does not prove,* ***in the circumstances stated in the Explanation****, that his failure to return his correct income was not due to*

> *fraud or neglect, he shall be deemed to have concealed the particulars of his income or furnished inaccurate particulars thereof and, consequently, be liable to the penalty provided by that section. No express invocation of the Explanation to Section 271 in the notice under Section 271 is, in our view, necessary before the provisions of the Explanation therein are applied. The High Court at Bombay was, therefore, in error in the view that it took and the Division Bench in the impugned judgment was right."*
>
> *[emphasis supplied]*

14. Thus, the opening words of the Explanation perform the specific interpretive function, recognised in *Plantation Corporation of Kerala Ltd* (supra) and *K.P.Madhusudhanan* (supra), of yoking the Explanation inextricably to the computation of the very period of limitation that Section 153B(1) of the Act creates. An Explanation so worded does not operate as an independent, sequential add-on to be reckoned only after the "main" period has been ascertained and, where necessary, externally extended; it operates, from the very outset, as part of the definitional exercise of ascertaining as to what is the period of limitation under this section. On a reading of the said provision, there is nothing to suggest that "the main-provision date" is

distinct and separable from "the Explanation-adjusted date". In fact, there is only one period of limitation under Section 153B of the Act, namely, the main provision as qualified by the Explanation.

15. The aforesaid is reinforced by the specific holding of this Court, in the context of the closely analogous provision, viz., Section 153 read with Explanation 1 of the Act in *Pfizer Healthcare India (P.) Ltd* (supra), affirmed in *Saint Gobain India (P.) Ltd.* (supra), that the section "*deals exclusively with limitation and the statutory extensions/exclusions therefrom, as set out under the Explanation thereto.*" We see no principled basis to construe Section 153B of the Act any differently from its sister provision, viz., Section 153 of the Act, both being couched in materially identical terms and serving the identical legislative object.

16. Section 3(1) of TOLA speaks of "any time-limit has been specified in, or prescribed or notified under, the specified Act". The "*specified Act*" here is the Income-tax Act, 1961, as a *whole* and not merely Section 153B(1) of the Act in isolation, shorn of the Explanation that Parliament itself chose to enact as an integral part of the very same section, under the very same Chapter, governing the

very same time-limit. Where Parliament intended TOLA to reference only a discrete sub-part of a provision, it said so expressly, as is evident from Clause (c) of Section 3(1) referencing named sub-provisions of the Act. No such truncation is indicated in relation to Section 153B of the Act. The "time-limit... specified... under the specified Act" for assessments under Section 153B of the Act can only mean the time-limit as stipulated under Section 153B of the Act in its entirety, viz., main provision and Explanation together.

17. In our considered view, if, as the Revenue has suggested, the Explanation-exclusion is instead to be tacked on after a wholly separate and prior TOLA-extension has already operated upon the unexplained "main" date, the provisions of Section 153B of the Act would be rendered wholly unworkable. A construction that renders an express statutory safeguard unworkable is, on well-settled principles, to be eschewed in favour of one that gives full and harmonious effect to every part of the provision as held in *Grasim Industries Ltd. v. Collector of Customs*[12]; *Easland Combines v. Collector of Central Excise*[13]; *A.N. Roy v. Suresh Sham Singh*[14]; and *Deewan Singh v.*

[12] *(2002) 4 SCC 297*
[13] *(2003) 3 SCC 410*
[14] *(2006) 5 SCC 745*

Rajendra Pd. Ardevi[15].

18. Moreover, we are unable to accept a construction of a beneficial, emergency, pandemic-era relaxation statute, which has been enacted to relax time-limits that would otherwise have been rendered impossible or difficult of compliance on account of the COVID-19 lockdown, as a vehicle for producing a net expansion, running into years, of the period of limitation available to the Revenue for completing search assessments, achieved by the simple expedient of adding, rather than first netting off, periods of court-ordered stay. Limitation provisions under a taxing statute, more so where they operate to the prejudice of the assessee by prolonging the period during which assessment (and consequent liability) may be fastened, must, as repeatedly held, be strictly and not liberally construed, and an assessee cannot be visited with an extension of time not clearly and unambiguously spelt out by the statute: *K.M.Sharma* (supra); *New Noble Educational Society* (supra); *R.Rudraiah* (supra); *Hope Textiles Ltd* (supra). An interpretation that causes the limitation period to balloon indefinitely, contingent merely upon the arithmetic sequence in which two beneficial/relaxing provisions happen to be applied, cannot

[15] *(2007) 10 SCC 528*

commend itself to a court applying these settled canons.

19. We accordingly hold that the correct method of computation is as follows: *first*, the period of limitation under Section 153B of the Act must be ascertained holistically, i.e., by applying the main provision together with all applicable exclusions under the Explanation (including, where relevant, the exclusion of periods of court-ordered stay under clause (i) thereof, and giving effect to the first proviso where applicable); *only thereafter* is that resultant, composite date to be tested against the window prescribed under Section 3(1) of TOLA, to see whether it "falls during the period from the 20th day of March, 2020" up to 31.03.2021 (as extended by notification); and it is *only if* that composite date so falls within the window that the benefit of extension to 30.09.2021 becomes available at all.

20. Applying this method to the facts before us: The "main provision" date, admittedly, is 30.09.2020. The interim stay first granted on 18.12.2019 was extended from hearing to hearing and lapsed on 23.07.2020. In the light of the principle laid down in *Ashok Kumar* (supra) and *Arjan Singh* (supra) that an interim order extended only up to a given date does not survive that date without express

renewal, the period of exclusion in this case is of 218 days. Even if the benefit of the suo motu COVID-19 orders in W.P.No.7413 of 2020 is extended to this stay, the exclusion cannot exceed 287 days.

21. Applying the 218-day exclusion to the main-provision date of 30.09.2020 produces a composite, Explanation-adjusted date of 07.05.2021. Applying the 287-day exclusion produces a composite date of 19.08.2021. Neither of these dates, viz., 07.05.2021 or 19.08.2021, falls within the window prescribed under Section 3(1) of TOLA, which, even as extended by the relevant notifications, closes on 31.03.2021. It follows, on the reasoning set out in the preceding paragraphs, that TOLA has no application whatsoever to the present assessments, whether for the first basket of years (2011-12, 2012-13, 2019-20) or the second basket (2013-14 to 2018-19), since in neither basket does the properly computed, Explanation-adjusted period of limitation fall within the TOLA window.

22. For the years in the first basket, no exclusion under Explanation (i) being available at all (no stay having been obtained at the threshold), the main-provision date of 30.09.2020 itself does fall within the TOLA window; but even so, and as correctly held by the

learned Single Judge in relation to those years, the extension it earns is only up to 30.09.2021, a date still well short of 28.01.2022/ 29.01.2022, the date on which the impugned assessment orders for those years came to be passed. The learned Single Judge's conclusion, that the assessments for Assessment Years 2011-12, 2012-13 and 2019-20 are barred by limitation, is correct and calls for no interference. The appeals of the Revenue in W.A.Nos.1241, 1243, 248, 3233, 375, 253, 262, 292 and 249 of 2024 must accordingly fail.

23. For the years in the second basket, applying the method set out above, the composite, Explanation-adjusted date falls outside the TOLA window. TOLA is, for these years, simply inapplicable; and the last date for completion of assessment remains 07.05.2021 (or, at the very outer limit, 19.08.2021). The assessment orders, having been passed only on 28.01.2022/29.01.2022, are, on any view, hopelessly out of time. The finding of the learned Single Judge to the contrary, upholding the assessments for Assessment Years 2013-14 to 2018-19, cannot be sustained, and the assessee's appeals must succeed.

THE QUESTION OF NATURAL JUSTICE AND OTHER GROUNDS

24. The assessee had also raised, before the learned Single Judge, independent grounds touching upon breach of the principles of natural justice, non-grant of opportunity to cross-examine persons whose statements were relied upon in the search assessments, and non-furnishing of the break-up of quantum additions, grounds which, according to the assessee, were argued but left unadjudicated in the impugned order.

25. Since we have found in the assessee's favour on the pure question of limitation, which goes to the very root of the validity of the assessments and is dispositive of the entire batch, we consider it unnecessary to enter upon these further grounds. They are left entirely open, without expressing any opinion thereon.

CONCLUSION

26. For the reasons set out above, we hold that the period of limitation under Section 153B of the Act must, in all these cases, be computed by applying the Explanation (including the exclusion of

periods of court-ordered stay) to the main provision before, and not after, testing the resultant, composite date against the window of applicability prescribed under Section 3(1) of TOLA; that on the facts of the present case, the composite, Explanation-adjusted date for completion of assessment falls, on any permissible computation, outside the window prescribed under TOLA; that TOLA is consequently unavailable to extend the period of limitation for any of the nine assessment years in question; and that the assessment orders dated 28.01.2022/29.01.2022, having been passed well beyond the properly computed date of limitation for each of those years, are barred by limitation in their entirety.

27. It follows that:

(a) The finding of the learned Single Judge that the assessment orders for AYs 2011-12, 2012-13 and 2019-20 are barred by limitation, and the consequential quashing of those assessment orders, the antecedent notices dated 22.12.2021, and the connected penalty orders, are correct and are confirmed.

(b) The finding of the learned Single Judge that the assessment orders for AYs 2013-14 to 2018-19 were passed within time is erroneous and cannot be sustained, and must be set aside.

28. In the result:

(i) W.A.Nos.1241, 1243, 248, 3233, 375, 253, 262, 292 and 249 of 2024 filed by the Revenue are dismissed. The finding of the learned Single Judge that the impugned assessment orders dated 28.01.2022 for AYs 2011-12, 2012-13 and 2019-20 are barred by limitation, and the consequential setting aside of those assessment orders, the notices dated 22.12.2021 and the connected penalty orders, stand confirmed.

(ii) W.A.Nos.3427, 3443, 3446, 3440, 3438, 3442 of 2023 and 1139, 1133, 1134, 1130, 1117, 1118, 1121, 1125, 1126, 1128, 1135 and 1137 of 2024 filed by the assessee are allowed. The impugned common order dated 19.09.2023, insofar as it upholds the assessment orders dated 28.01.2022 and the connected penalty orders for AYs 2013-14 to 2018-19, is set aside.

(iii) Consequently, the assessment orders dated 28.01.2022 (Section 144 read with Section 153A), the antecedent notices dated 22.12.2021, and the penalty orders dated 25.07.2022/27.07.2022 under Sections 271(1)(c) and 271B of the Act, and the consequential notices of demand, relating to AYs 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are quashed as barred by limitation.

(iv) It is clarified this Court has adjudicated only the question of limitation qua the impugned assessment and penalty orders, and no observation herein touches upon the merits of the additions made.

(v) There shall be no order as to costs. All connected miscellaneous petitions stand closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ) (G.ARUL MURUGAN,J)

23.09.2026

Index : Yes
Neutral Citation : Yes

Note to Registry:

Registry is directed to type separate cause-titles for all the cases while issuing the certified copy of the judgment to the parties.

sasi

THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(sasi)

W.A.No.3427 of 2023 etc.

23.09.2026