

# Incriminating material must for any addition to taxable income: SC

The court, however, left the scope for the authorities to re-open the cases of tax violation if any incriminating evidence emerges later

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The report also quoted Vishwas Panijar, partner with Nangia Andersen LLP, as saying that the reassessment is detrimental to the taxpayer by its very nature. So, it would require a higher degree of care by the department. According to the law, 'reassessment' inherently satisfies two of the most critical elements. One, it is deemed that income has escaped assessment in a case where a search/seizure has been conducted. Second, a show cause notice before initiating reassessment is not required to be given in such cases.

Panijar added that there is no restriction on the initiation of reassessment, safeguards like a time limit for issuing of notice and seeking the reason for reassessment would continue to be available to the taxpayer even in such cases.

Vishwas Panijar, partner, Nangia Andersen LLP, noted that the [Delhi High Court](#) ruling of 2015 had upheld two very important principles relating to search cases. These included that assessments can not be conducted arbitrarily but should be purely based on seized material and in the absence of any incriminating material, assessment and/or reassessment of the abated proceedings can be conducted. "Reassessment by its very nature is detrimental to the taxpayer, hence a higher degree of care needs to be taken by the department while invoking the provisions," he further noted.