

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. _____/2026
[@ SPECIAL LEAVE PETITION (CIVIL) No. _____/2026]
[@ Diary No(s). 68186/2025]

PRINCIPAL COMMISSIONER OF INCOME
TAX 1 INDORE & ORS.

Appellant(s)

VERSUS

AMIT SHARMA

Respondent(s)

WITH

CIVIL APPEAL NO. _____/2026
[@ SPECIAL LEAVE PETITION (CIVIL) No. _____/2026]
@ Diary No(s). 1022/2026

WITH

CIVIL APPEAL NO. _____/2026
[@ SPECIAL LEAVE PETITION (CIVIL) No. _____/2026]
@ Diary No(s). 1546/2026

O R D E R

1. Delay condoned.
2. Leave granted.
3. These three appeals arise from three writ petitions filed before the Madhya Pradesh High Court¹ at Indore by three separate petitioners. Writ Petition No.15169 of 2024 was filed by Sequel Logistics Private Limited; Writ Petition No.6850 of 2024 was filed by Amit Sharma and Writ

1 The High Court

Petition No.6810 of 2024 was filed by Arihant Jewelers.

4. By the impugned order dated 18.08.2025, all three writ petitions were allowed by the High Court with a direction to the Deputy Commissioner of Income Tax, Central - 2 (Centralized) to release the seized articles (i.e., jewelry consignments). Additionally, Rs.50,000/- was imposed by way of cost to be payable to each of the three petitioners.

5. In brief, the facts are as follows: While the Model Code of Conduct was in force during Madhya Pradesh State Assembly Elections, the Static Surveillance Team (SST), Ratlam intercepted a Bolero Vehicle operated by Sequel Logistics Pvt. Ltd. and made a seizure of 37 sealed tamper proof jewelry consignments valued at Rs.6 crore which were in transit to various clients of Sequel Logistics under custody of its employee Amit Sharma i.e., the writ petitioner in Writ Petition No.6850 of 2024. Amit Sharma from whom the seizure was made disclosed to SST that those consignments were to different jeweler-clients of Sequel Logistics. Amit Sharma produced all the relevant documents regarding the consigned articles and from those documents it could be ascertained that those consignments were in transit to different consignees through courier Sequel Logistics. One of the consignments was booked by Arihant

Jewelers, namely, the writ petitioner in Writ Petition No.6810 of 2024.

6. It is not in dispute that governing seizure and release of seized articles by SST/ concerned authority during operation of the Model Code of Conduct, there is a Standard Operating Procedure (SOP) set out. However, instead of following the SOP, the seizure was reported to the Revenue (i.e., the Income Tax Department). On receipt of report about the seizure, Revenue issued summons to Amit Sharma under Section 131 of the Income Tax Act, 1961 (for short, 'the Act') and recorded his statement. Thereafter, Revenue requisitioned the seized articles under Section 132A(1)(c) of the Act.

7. During the inquiry, Amit Sharma made a statement that the consigned articles did not belong to him and those were of different consignors who had appointed Sequel Logistics as a courier for transport to different consignees. However, surprisingly, despite documents being there to corroborate Amit Sharma's statement, Revenue proceeded to issue notice under Section 148 of the Act to Amit Sharma.

8. Aggrieved by the action of Revenue, Amit Sharma filed Writ Petition No.6850 of 2024 seeking quashing of the

notice under Sections 132A and 148 of the Act. Simultaneously, Sequel Logistic, the courier, separately filed Writ Petition No.15169 of 2024 questioning the seizure made by SST and requisition by Revenue; additionally, it prayed for release of the seized articles. Arihant Jewelers, one of the consignors/consignees, in between, had moved a representation to the Tax Authorities but since that representation was not favorably dealt with, it filed a separate Writ Petition No.6810 of 2024 for release of those goods to which it had laid its claim.

9. Upon exchange of the pleadings, the High Court framed three issues:

“Issue No.1. Whether the action of the SST is justified in detaining/seizing the consignments and handing over to the Income Tax Department?

Issue No.2. Whether the action of the Income Tax Department is justified in initiating the proceedings under Section 148 against Mr. Amit Sharma upon a prima facie belief that the consignment belongs to him?

Issue No.3. Whether Arihant Jewelers is entitled to get back the jewelry belonging to them?"

10. On issue No.1, the High Court found that SOP for search and seizure, as obtaining while Model Code of Conduct was in force, was not followed and it, accordingly, held that the action of SST in seizing/ detaining the consignments and handing them over to the Income Tax Department was not in consonance with law and in gross violation of the SOP. Moreover, the documents brought on record and the statement made in the pleadings indicated that those goods were neither liable to be seized nor liable to be detained by SST.

11. As regards issue No.2, the High Court took the view that Amit Sharma was merely an employee of the courier and he had not claimed ownership of the consignments, therefore, proceedings under Section 148 of the Act initiated against him by presuming him to be owner of the goods were manifestly arbitrary and as such liable to be quashed.

12. On issue no.3, the High Court found Arihant Jewelers entitled to get back the jewelry articles that was claimed

by it.

13. Aggrieved by the order passed by the High Court, the Revenue has filed these appeals.

14. The submission on behalf of the Revenue is that even assuming that SOP was not followed, once seizure of any article valued higher than Rs.10 lakhs is made, it had to be reported to the Income Tax Department even under the SOP. There is no dispute that such a report was made and proceedings under Section 132A(1)(c) of the Act were initiated. In such circumstances, the only course available to seek release by anyone, who claims ownership of the seized articles, is to apply under Section 132B of the Act. In such circumstances, the direction of the High Court to release the jewelry consignment is not proper. The correct course for the High Court was to give liberty to the claimant(s)/owner(s) to move application under Section 132B of the Act for release of the seized articles.

15. *Per contra*, on behalf of the respondents, it has been submitted that once SOP was violated, the entire act of seizure, followed by reporting to the Revenue, is vitiated. Moreover, under the SOP the seized goods were liable to be returned to the person from whom they were seized. It is

also submitted that from the materials placed on record it was established that the goods were under transit by consignor(s) to the consignee(s) and they were seized from a courier. Once documents were produced to satisfy the concerned team that goods were not liable to be seized as they were not likely to be misused in the elections, there was no option but to release those goods to the person from whom seizure was made. Therefore, the view taken by the High Court does not call for any interference. Moreover, the High Court has not restrained the Income Tax Department from proceeding under Section 148 of the Act against such person(s) who in its opinion may have evaded tax or failed to disclose income.

16. We have accorded due consideration to the rival submissions and have perused the materials available on record. In our view, as far as the findings of the High Court on issue Nos. 1 and 2 are concerned, firstly, there is no serious challenge by the Revenue to those findings and, secondly, the seizure was made in violation of the SOP in force while the Model Code of Conduct was in operation. Moreover, in absence of the requisite satisfaction that the seized cash or articles were being transported by, or in possession of, a person belonging to any candidate in fray

in the election and brought for influencing the voters, there was no occasion to seize. Therefore, when requisite papers were shown, SST, or the District Grievance Committee, ought to have released the goods and not allow them to be requisitioned by the Tax Authorities, particularly, when there was no reason to believe that those assets represent, either wholly or partly, income which has not been disclosed. Besides, going after Amit Sharma, an employee of a courier company, is inexplicable more so when documents of consignors and consignees were placed on record. In such circumstances, the findings returned on Issue Nos.1 and 2 call for no interference.

17. Once the findings returned on Issue Nos. 1 and 2 are sustained, the question which would arise for our consideration is whether the seized articles had to be dealt with in terms of the SOP or it had to be dealt with by addressing the claim made by its so-called owner. In this regard, the submission on behalf of the Revenue is that as far as the claim regarding ownership is concerned, that had to be decided in terms of the provisions of Section 132B of the Act. More so, when there were 37 seized consignments and claim was set up by Arihant Jewelers in respect of one consignment only. Thus, it was not a fit

case where the consignment should have been released in favour of Arihant Jewelers by addressing its claim of ownership. Accordingly, on behalf of Revenue, it is submitted that Writ Petition No.6810 of 2024 filed by Arihant Jewelers was liable to be dismissed.

18. On behalf of Arihant Jewelers, it has been submitted that though there might be some discrepancy in the number of consignments claimed and the number of consignments seized i.e., that were to be delivered to Arihant Jewelers, the fact remains that there is no dispute raised by the courier i.e., Sequel Logistics regarding ownership of Arihant Jewelers in respect of those consignments. Moreover, the person from whom seizure was made had not disputed the ownership and entitlement of Arihant Jewelers. In such circumstances, release in favour of Arihant Jewelers is not liable to be interfered with.

19. We have considered the submissions *qua* release of seized articles in favour of Arihant Jewelers. What transpires from the record is that the seizure was made from Amit Sharma, who was an employee of Sequel Logistics i.e., the courier company. Admittedly, the articles were being transported from the consignor(s) located at Indore to the consignee(s) at Ratlam, and the seizure was made

under the Model Code of Conduct. As there is no dispute that under the SOP, which was in place during operation of the Model Code of Conduct, the seized articles were to be released, upon production of requisite documents, in favour of the person from whom they were seized, in our view, there was no occasion for the High Court to decide on the claim of ownership made by a third party. Further, while deciding Issue Nos. 1 and 2, the High Court had recorded its satisfaction that Amit Sharma was just an employee of Sequel Logistics and that he was just a custodian of the goods transported by its Master i.e., Sequel Logistics. The documents also indicated that Sequel Logistics was the courier carrying goods from the consignor(s) to the consignee(s). In such circumstances, as per the SOP the seized articles ought to have been returned to the courier company i.e., Sequel Logistics from whose agent they were seized particularly when Amit Sharma made an un rebutted claim that he was just an employee. In fact, Sequel Logistics had also prayed for their release in its favour. Therefore, in our view, the operative portion of the impugned order requires modification to the extent indicated below. In place of the direction of the High Court that all three writ petitions shall stand allowed, only Writ Petition Nos.15169 of 2024 and 6850 of 2024 filed

by Sequel Logistics Private Limited and Amit Sharma, respectively, would stand allowed and Writ Petition No.6810 of 2024 filed by Arihant Jewelers shall stand dismissed as not maintainable. This we say so because under the SOP those seized articles were liable to be returned to only that person from whom they were seized. Besides, Arihant Jewelers claim of ownership ought not to have been addressed as the appropriate forum to raise such a claim was before the appropriate tax authority under Section 132B of the Act. Therefore, in our view, the High Court should not have dealt with the ownership issue in writ proceedings. Accordingly, the appeals are partly allowed. The order passed by the High Court shall stand modified to the extent indicated above. The articles so seized shall be released in favour of Sequel Logistics Pvt. Ltd. within three weeks from today. In addition to above, the cost of Rs.50,000 awarded by the High Court as against the appellant(s) is set aside. It is clarified that we have not expressed our opinion on the ultimate ownership of the seized article(s), therefore, the consignor(s)/ consignee(s) of those articles are at liberty to raise their respective claim(s) before appropriate forum in an appropriate proceeding against appropriate person(s).

20. Pending application(s), if any, shall stand disposed of.

.....J
[MANOJ MISRA]

.....J
[MANMOHAN]

New Delhi
March 10, 2026

ITEM NOS.5; 5.1; 5.2

COURT NO.13

SECTION IV-C

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

SPECIAL LEAVE PETITION (CIVIL) DIARY NO(S). 68186/2025

[Arising out of impugned final judgment and order dated 18-08-2025 in WP No. 6850/2024 passed by the High Court of Madhya Pradesh at Indore]

PRINCIPAL COMMISSIONER OF
INCOME TAX 1 INDORE & ORS.

Petitioner(s)

VERSUS

AMIT SHARMA

Respondent(s)

IA No. 329863/2025 - CONDONATION OF DELAY IN FILING

WITH

Diary No(s). 1022/2026 (IV-C)

IA No. 20403/2026 - CONDONATION OF DELAY IN FILING

Diary No(s). 1546/2026 (IV-C)

IA No. 35239/2026 - CONDONATION OF DELAY IN FILING

Date : 10-03-2026 These matters were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE MANOJ MISRA

HON'BLE MR. JUSTICE MANMOHAN

For Petitioner(s) :Mr. N Venkataraman, A.S.G.

Mr. Sudarshan Lamba, AOR

Mr. Harsh Parashar, Adv.

Mr. Venkataraman Chandrashekhara Bharathi, Adv.

Mrs. Priyanka Das, Adv.

Mr. Aman Jha, Adv.

Ms. Sangeeta Singh, Adv.

For Respondent(s) :Mr. Balbir Singh, Sr. Adv.
Mr. Jay Kansara, Adv.
Mr. Aman Raj Gandhi, AOR
Ms. Saloni Kumar, Adv.
Mr. Chaitanya Sharma, Adv.
Ms. Disha Jham, Adv.

UPON hearing the counsels, the Court made the following
O R D E R

1. Delay condoned.
2. Leave granted.
3. The appeals are partly allowed in terms of the signed order which is placed on the file.
4. Pending application(s), if any, shall stand disposed of.

(KAVITA PAHUJA)
ASTT. REGISTRAR-cum-PS

(SAPNA BANSAL)
COURT MASTER (NSH)