

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
DIVISION BENCH, 'B' CHANDIGARH

BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER

आयकर अपील सं./ ITA No. 684/CHD/2025
निर्धारण वर्ष / Assessment Year: 2014-15

Vimal Alloys Pvt. Ltd., V-Saunti, Amloh Road, Mandi Gobindgarh.	Vs	The DC/ACIT, Circle, Mandi Gobindgarh.
स्थायी लेखा सं./PAN NO: AAACV7801M		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

Assessee by : Shri Vipen Sethi, Advocate
Revenue by : Dr. Ranjit Kaur, Addl. CIT Sr.DR

Date of Hearing : 09.10.2025
Date of Pronouncement : 12.11.2025

PHYSICAL HEARING

ORDER

PER RAJPAL YADAV, VP

The assessee is in appeal before the Tribunal against the order of the Id. Commissioner of Income Tax (Appeals) [in short 'the CIT (A)'] dated 29.03.2025 passed for assessment year 2014-15.

2. The grievance of the assessee is that Id.CIT (Appeals) has erred in confirming the levy of penalty amounting to

Rs.16,24,773/- imposed u/s 271(1)(c) of the Income Tax Act by the ld. Assessing Officer.

3. With the assistance of the ld. Representative, we have gone through the record carefully. It emerges out from the record that assessee has filed its return of income on 03.11.2014 declaring an income of Rs.62,43,060/- and assessment order was passed u/s 143(3) on 13.12.2016 whereby income of the assessee was determined at Rs.1,09,53,555/-. The AO, thereafter, visited the assessee with penalty u/s 271(1)(c) of the Act vide his order dated 13.03.2020.He imposed a penalty @ 200% at Rs.32,49,546/-.

4. Dissatisfied with this penalty, assessee filed an appeal before the ld.CIT (Appeals) who has reduced the penalty to Rs.16,24,773/- by way of the impugned order.

5. It emerges out from the assessment record that assessment order was challenged by the assessee and ultimately dispute travelled upto the Tribunal. The ITAT has set aside the assessment order in ITA No.275/CHD/2019 vide its order dated 24.05.2022. The AO has passed a fresh

assessment order on 27.02.2024 u/s 143(3) read with Section 254 of the Act. In this assessment order, AO has accepted the returned income declared by the assessee, hence, no additions have been made. The income has been determined at Rs.62,43,060/- which is equivalent to the returned income.

6. On due consideration of the facts, we are of the view that ld. First Appellate Authority has failed to take cognizance of this assessment order while deciding the penalty appeal. The penalty ought to have been deleted because no addition has been made to the total income of the assessee. A perusal of Section 271(1) sub-clause (c) of the Act contemplates that if the AO/CIT (Appeals)/PCIT, in the course of any proceeding under the Act is satisfied that any person has concealed the particulars of his income or furnished inaccurate particulars of such income, he may direct that such person shall pay by way of penalty; as per such clause (iii), which read as under: (iii) in the cases referred to in clause (c) or clause (d), in addition to tax, if any, payable by him, a sum which shall not be less than, but which shall not exceed three times, the amount of tax sought to be evaded by reason of the

concealment of particulars of his income or fringe benefits or the furnishing of inaccurate particulars of such income or fringe benefits.

5.1 A perusal of the above clause would indicate that if an assessee is required to pay taxes on an addition made during the course of assessment, over and above the declared income, then such penalty would be calculated according to the above sub-clause (iii). In the present case, there is no addition made to the income of the assessee on which it can be alleged that assessee has evaded the taxes by reason of concealment of particulars of income or furnishing of inaccurate particulars. This charge is no more available against the assessee. Accordingly, no penalty could be computed upon the assessee. We allow the appeal of the assessee and delete the penalty.

6. In the result, appeal of the assessee is allowed.

Order pronounced on 12th November, 2025.

Sd/-

Sd/-

(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

(RAJPAL YADAV)
VICE PRESIDENT

“Poonam”

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
5. गार्ड फाईल/ Guard File

सहायक पंजीकार/ Assistant Registrar