



[Case Laws](#) » [Income Tax](#) » Penalties under IT Act

Penalty u/s. 271(1)(c) of the Income Tax Act, 1961

Case Law	Description
Pr. CIT Vs. Control and Switchgear Ltd [Delhi High Court]	Claim that compensation received from foreign party is a capital receipt, though wrong on merits, does not attract penalty if assessee disclosed facts in ROI and was supported by a legal opinion Download Case Law
Simran Singh Gambhir Vs. DDIT [ITAT, Delhi]	Offering interest on maturity on Bonds as "long-term capital gains" instead of as "Income from other sources" is a mere change in the head of income and a case of bona fide mistake which does not attract penalty Download Case Law
CIT Vs. Dalmia Dychem Industries [Bombay High Court]	No malafide intention no penalty The rigors of penalty provisions cannot be diluted only because a small number of cases are picked up for scrutiny. No penalty can be levied unless if assessee's conduct is "dishonest, malafide and amounting concealment of facts". The AO must render the "conclusive finding" that there was "active concealment" or "deliberate furnishing of inaccurate particulars" Download Case Law
Bhavya Anant Udeshi Vs. ITO [ITAT Hyderabad]	Failure to apply s. 50C and offer capital gains as per the stamp value does not constitute concealment/ furnishing of inaccurate particulars of income for levy of penalty u/s 271(1)(c) Download Case Law
Tristar Intech (P) Ltd Vs. ACIT [ITAT Delhi]	S. 271(1)(c): The deeming provision of Explanation 1 to s. 271(1)(c) applies only to a case of "concealment of income" and not to a case of "furnishing inaccurate particulars of income" Download Case Law
Hafeez S. Contractor Vs. ACIT [ITAT Mumbai]	S. 271(1)(c): If the notice does not clearly specify whether the penalty is initiated for "concealment" or for "filing inaccurate particulars", it is invalid. Mere fact that assessee has surrendered income does not justify penalty if his explanation is not found to be false/ not bona fide Download Case Law
Parinee Developers Pvt. Ltd Vs. ACIT [ITAT Mumbai]	S. 271(1)(c): If the notice does not clearly specify whether the penalty is initiated for "concealment" or for "filing inaccurate particulars", it is invalid. Penalty should be imposed merely because the income has been offered to tax in a later year and not in the present year Download Case Law
Suvapasanna Bhattacharya Vs. ACIT [ITAT, Kolkata]	S. 271(1)(c): A penalty notice u/s 274 which does not strike out the irrelevant portion & which does not specify whether the penalty is for "concealment" or for "furnishing inaccurate particulars" renders the penalty order void Download Case Law
CIT Vs. Hiralal Doshi [Bombay High Court]	S. 271(1)(c): Penalty is not leviable on income declared during survey and offered in return. Law laid down in Mak Data 358 ITR 593 (SC) is distinguishable on facts and not universally applicable. A mere change of head of income does not attract penalty Download Case Law
Mangalam Drugs & Organics Ltd Vs. DCIT [ITAT Mumbai]	S. 271(1)(c): Penalty cannot be levied on all issues in a "wholesale" manner. The AO has to give findings for each issue separately. He has to apply mind meticulously and carefully for each issue separately and establish precisely whether there was concealment of income or furnishing of inaccurate particulars of income. The Assessee cannot be fastened with the liability of penalty without there being a clear or specific charge. Fixing a charge in a vague and casual manner is not permitted under the law. Fixing twin charges is also not permitted under the law Download Case Law
Ashwani Kumar Arora Vs. ACIT, New	S. 271(1)(c) vs. 271AAA: Levy of penalty u/s 271(1)(c) on income disclosed in a search instead of u/s 271AAA is not sustainable Download Case Law

Delhi [ITAT Delhi]	
Oxford Softech P. Ltd Vs. ITO [ITAT Delhi]	S. 271(1)(c): Income-tax provisions are highly complicated and it is difficult for a layman to understand the same. Even seasoned tax professionals have difficulty in comprehending these provisions. Making a claim for deduction u/s 80 IA which has numerous conditions is a complicated affair & cannot attract penalty Download Case Law
Pr. CIT Vs. Fortune Technocomps (P) Ltd [Delhi High Court]	S. 271(1)(c) penalty on Bogus Purchases: If the assessment order in the quantum proceedings is altered by an appellate authority in a significant way, the very basis of initiation of the penalty proceedings is rendered non-existent and the AO cannot continue the penalty proceedings on the basis of the same notice Download Case Law
Sanghavi Savla Commodity Brokers Pvt. Ltd. Vs. ACIT [ITAT, Mumbai]	S. 271(1)(c): If show-cause notice does not delete inappropriate words whereby it was not clear as to whether the default is concealing particulars of income or for furnishing inaccurate particulars of income, the levy of penalty is invalid Download Case Law
B. L. International Vs. ACIT [ITAT Delhi]	S. 271(1)(c): No penalty leviable on bonafide human error committed while filing return of income Download Case Law
Ajay Traders Vs. DCIT [ITAT Jaipur]	Penalty under Explanation 5A to s. 271(1)(c) cannot be levied on the basis of a mere surrender by the assessee if no incriminating material has been found during search. MAK Data 358 ITR 593 (SC) considered Download Case Law
KPC Medical College & Hospital Vs. DCIT [ITAT Kolkata]	S. 271(1)(c): Law on levy of penalty in a case where satisfaction is recorded in s. 153C/153D assessments by AO who is common to the searched party and the assessee explained Download Case Law
ITO Vs. Pandit Vijay Kant Sharma [ITAT Delhi]	S. 275(1)(a): Law on time limit for passing penalty order u/s 271(1)(c) explained. Challenge by assessee to validity of penalty order entertained in Dept's appeal despite lack of C. O. /cross-appeal by assessee Download Case Law
Nukala Ramakrishna Eluru Vs. DCIT [ITAT Vizag]	The pre-amended Explanation 5A to s. 271(1)(c) applies to non-filer assessee where a ROI is not filed before search and undisclosed income is not offered in the ROI. The amended provision of Explanation 5A, which is applicable to both filers and non-filers of returns, does not apply to searches conducted pre 13.08.2009. Penalty levied u/s 271(1)(c) to cases which are covered by s. 271AAA is void Download Case Law
Pr. CIT Vs. Atotech India Ltd [P&H High Court]	S. 271(1)(c) penalty cannot be levied in a case where the assessee has relied on legal opinion of a professional and there is no tax impact i.e. the loss disallowed in year one is allowed set-off in a later year Download Case Law
Samson Maritime Ltd Vs. CIT [Bombay High Court]	S. 271(1)(c): A disclosure of income, or withdrawal of claim for deduction, by the assessee after a specific s. 142(1)/ 143(2) notice is issued cannot be said to be a "voluntary disclosure" so as to avoid the levy of penalty. The argument that the earlier non-disclosure of income/ wrong claim for expenditure was due to "mistake" is not an acceptable defense (Mak Data 358 ITR 593 (SC) followed, Price Waterhouse Coopers 348 ITR 306 (SC) distinguished) Download Case Law
DDIT Vs. Metapath Software International Ltd [ITAT Delhi]	S. 271(1)(c) penalty cannot be levied unless there is "evidence beyond doubt" that there was concealment of particulars of income or furnishing inaccurate particulars thereof on the part of the assessee. The fact that the assessee did not voluntarily furnish the return of income, and that the merits were decided against it, does not per se justify levy of penalty. The bonafides of the explanation of the assessee for not complying with the law have to be seen Download Case Law

Penalty u/s. 271D of the Income Tax Act, 1961

Case Law	Description
Parin K. Rajwani Vs. JCIT, Range 19(3), Mumbai [ITAT, Mumbai]	S. 271D penalty: The limitation period has to be computed from the date of issue of the show-cause notice by the AO. Penalty should be levied if circumstances show no intention to contravene the law Download Case Law
CIT Vs. Mahagun Technologies Pvt. Ltd. [ITAT Delhi]	S. 271D: Section 269SS does not apply to non-monetary book entry transactions of loans and advances Download Case Law

Communication of Notice under the Income Tax Act, 1961

Case Law	Description
Color Craft Vs. ITO, 16(2)(4), Mumbai [ITAT, Mumbai]	S. 282B: Law on validity of service of notices by "Speed Post" Instead of "Registered Post A/D" explained. Download Case Law
ITO Vs. Shubhashri Panicker [ITAT Jaipur]	S. 282: The postal authorities are the agent of the recipient. There is a presumption that handing over notice to the postal department means that it has been served on the assessee Download Case Law

Tax Audit under 44AB of the Income Tax Act, 1961

Case Law	Description
Koramangala Club Vs. ITO [Karnataka High Court]	S. 44AB/ 271B: Belief that a mutual association like a club is not liable for tax audit is a bona fide one and constitutes reasonable cause u/s 273B Download Case Law