

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN "SMC" BENCH, COCHIN**

**Before Shri George George K, Judicial Member**

ITA No.332/Coch/2017  
Asst.Years 2011-2012, 2012-2013 & 2013-2014

M/s.Engandiyur Farmers Service Co-op. Bank Limited C/o.Anil D.Nair & Associates Advocates, 39/2661, 2 <sup>nd</sup> Floor, Panthiyil Towers Warriam Road, Kochi-16 <b>PAN : AAAJT1921H.</b>	Vs.	The Addl. Director of Income-tax (I&CI) Kochi.
(Appellant)		(Respondent)

Appellant by : Ms. Mekhala M.Benny  
Respondent by : Sri. A.Dhanaraj, Sr.DR

<b>Date of Hearing : 04.01.2018</b>	<b>Date of Pronouncement : 05.01.2018</b>
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**ORDER**

This appeal at the instance of the assessee is directed against the CIT(A)'s order dated 20.03.2017. The relevant assessment years are 2011-2012, 2012-2013 & 2013-2014. The order of the CIT(A) arises out of the order passed u/s 272A(2)(c) r.w.s. 274 of the Income-tax Act.

2. There was a delay of 41 days in filing this appeal before the Tribunal. The assessee has filed a petition for condoning the delay and also the affidavit of the Managing Director of the assessee stating the reasons for the delay in filing this appeal.

2.1 I have perused the affidavit filed by the Managing Director of the assessee. I find that the delay in filing this appeal cannot be attributed to any laches on the part of the assessee. In other words, there is no willful or contumacious conduct on the part of the assessee and the delay in filing this appeal was caused due to the reasons beyond the control of the assessee, hence, I condone the delay of 41 days and proceed to dispose of the same on merits.

3. The brief facts of the case are as follow:

3.1 The assessee is a Co-operative Society registered under the Kerala Co-operative Societies Act, 1969. The assessee was served with notice u/s 133(6) of the Income-tax Act. The assessee was directed to furnish details of the persons who had deposited above Rs.5 lakhs during the financial years 2010-2011, 2011-2012 & 2012-2013. The assessee was also directed to give details of the persons, who had received interest income exceeding Rs.10,000 during the above mentioned financial years. The assessee did not furnish the details called for under the notice issued u/s 133(6). The Assessing Officer, therefore, initiated penalty proceedings u/s 272A(2)(c) r.w.s. 274 and imposed penalty of Rs.29,300 being penalty payable at the rate of Rs.100 per day from 08.02.2014 up to 27.11.2014 (the date of imposing penalty).

3.2 Aggrieved by the order of the imposition of penalty, the assessee preferred an appeal to the first appellate authority. The CIT(A) dismissed the appeal filed by the assessee.

4. Aggrieved by the order of the CIT(A), the assessee has filed the present appeal raising the following grounds:-

*"A. The order of the Commissioner of Income-tax (Appeals) to the extent objected to herein is absolutely illegal, arbitrary and unauthorized.*

*B. The specific case of the Appellant is that no notice under Sec .272 (A)(4) was served on the Appellant. It is further case of the Appellant that no notice under Sec.274(1) was also served on the Appellant before imposition of penalty. The Appellant was served with only notice under Sec.133 (6) dated 6.9.2013, 8.11.2013 and 22.1.2014 calling upon the Appellant to furnish the details on or before 7.2.2014. It is submitted that no notice whatsoever has been served on the Petitioner and therefore the proceedings are bad in law as being violative of the mandatory provisions of the Act.*

*C. During the course of the appellate proceedings, it appears that remand report was sought for. The remand report contemplated that ITO had recommended to the JCIT for initiation of proceedings under Sec. 272A(2) vide his letter dated 8.6.2014. JCIT has in turn supposed to have issued notice on 23.10.2014, which has not been served on the appellant. On his showing, notice is calling upon the Appellant to produce the details and therefore, the same cannot be construed as show cause under Sec.272 A (4).*

*D. The entire proceedings are hopelessly time barred under Sec.275(1)(c). Proceedings under Sec.272A(2) have to be completed within the period of six months. On their own showing, the order is dated 27.11.2014. The last notice served is dated 22.1.2014 and therefore the proceedings are hopelessly time barred.*

*For these and other grounds and documents to be submitted at the time of hearing and it is humbly prayed that the Tribunal be pleased to allow the appeal."*

4.1 The learned Counsel for the assessee submitted that no notice u/s 274 of the Income-tax Act was served on the assessee and hence the penalty imposed is to be quashed.

4.2 The learned Departmental Representative on the other hand submitted that the notice u/s 274 was issued and served on the assessee on 23.10.2014. It was further contended by the learned DR that the assessee has not raised the issue of non-service of notice for initiating penalty before any of the authorities below. On merits, the learned DR submitted that the Cochin Bench of the Tribunal in the case of The Kakoor Service Co-operative Bank Ltd. in ITA No.473/Coch/2015 & Others (21 appeals) order dated 23.08.2017 had adjudicated an identical issue in favour of the Revenue.

5. I have heard the rival submission and perused material the record. On identical facts the Cochin Bench of the Tribunal in the cases of Kakoor Service Co-operative Bank Ltd. (supra) had held that the penalty imposed u/s 272A(2)(c) of the Act is valid. The relevant finding of the Tribunal reads as follow:-

*"8. I have heard the rival contentions and perused the material on record. From the grounds raised and*

*the argument note submitted by the assessee, I am of the view that three contentions are raised by the assessee in this appeal; namely;*

*(i) ITO (Intelligence) does not have jurisdiction to issue notice u/s 133(6) of the I T Act;*

*(ii) the order passed u/s 272A(2)(c) is barred by limitation;*

*(iii) there was reasonable cause, as mentioned in section 2738 of the Act for non furnishing information sought u/s 133(6); therefore, penalty u/s 272A(2) ( c) of the I T Act is to be quashed.*

*8.1 I shall take up for adjudication each of the above three contentions as under:*

*i) ITO (Intelligence) does not have jurisdiction to issue notice u/s 133(6) of the I T Act:*

*Section 133(6) of the I T Act 1961 is unambiguous and clear. The department under the said section has power to call for information in relation to such points or matters which would be useful for, or relevant to any proceeding under the Act from 'any person' including a 'Banking Company' or 'any Officer' thereon. Later, an amendment was introduced as per the Finance Act 1995 whereby, the words "enquiry or" were inserted before the word "proceeding" in Section 133(6), also adding the '2nd proviso' to the said provision, with effect from 1.7.1995. The effect of the said amendment is that, the power to call for information under the un-amended Act which was confined only in relation to a 'pending proceeding' came to be widened, and even in a case where no proceeding was pending, such information could be called for as part of the enquiry, subject to the rider that, such power was not to be exercised by any income tax authority below the rank of Director or Commissioner without the prior approval of the Director or the Commissioner, as the*

*case may be. The said amendment was brought about as a measure to tackle tax evasion effectively, as clarified by the Central Board of Direct Taxes (CBDT) vide Circular no. 717 dated 14.8.1995, which reads as follows:*

*"Power to call for information when no proceeding is pending. - ...*

*41.2 At present the provisions of sub-section (6) of section 133 empower Income-tax authorities to call for information which is useful for, or relevant to, any proceeding under the Act which means that these provisions can be invoked only in cases where the proceedings are pending and not otherwise. This acts as a limitation or a restraint on the capability of the Department to tackle evasion effectively. It is, therefore, thought necessary to have the power to gather information which after proper enquiry, will result in initiation of proceedings under the Act.*

*41.3 With a view to having a clear legal sanction, the existing provisions to call for information have been amended. Now, the income- tax authorities have been empowered to requisition information which will be useful for or relevant to any enquiry or proceedings under the Income-tax Act in the case of any person. The Assessing Officer would, however, continue to have the power to requisition information in specific cases in respect of which any proceeding is pending as at present. However, an Income-tax authority below the rank of the Director or Commissioner can exercise this power in respect of an inquiry in a case where no proceeding is pending, only with the prior approval of the Director or the Commissioner."*

*8.2 In the instant case, notice u/s 133(6) of the Act was issued by the ITO (Intelligence) after obtaining necessary approval from the Director of Income Tax (Intelligence). The Hon'ble Supreme Court in the case*

*of Kathiroom Service Co-op Bank Ltd vs C/T (CIB) & others, reported in 360 ITR 243 have considered an identical case and decided that the ITO(CIB) has power to issue notice u/s 133(6) of the IT Act The relevant findings of the Hon 'ble Supreme Court, read as follows:*

*"19. In view of the aforesaid, we are of the view that the powers under section 133(6) are in the nature of survey and a general enquiry to identify persons who are likely to have taxable income and whether they are in compliance with the provisions of the Act. It would not fall under the restricted domains of being "area specific" or "case specific". Section 133(6) does not refer to any enquiry about any particular person or assessee, but pertains to information in relation to "such points or matters" which the assessing authority issuing notices requires. This clearly illustrates that the information of general nature can be called for and names and addresses of depositors who hold deposits above a particular sum is certainly permissible.*

*20. In the instant case, by the impugned notice the assessing authority sought for information in respect of its customers which have cash transactions or deposits of Rs. 1,00,000 or above for a period of three years, without reference to any proceeding or enquiry pending before any authority under the Act. Admittedly, in the present case, notice was issued only after obtaining approval of the Commissioner of Income-tax, Co chin. In the light of the aforesaid, we are of the considered opinion that the assessing authority has not erred in issuing the notice to the assessee-financial institution requiring it to furnish information regarding the account holder with cash transactions or deposits of more than Rs.1,00,000.*

*21. Therefore, we hold that the Division Bench of the*

*High Court was justified in its conclusion that for such enquiry under section 133(6) the notice could be validly issued by the assessing authority.*

*22. In view of the above, the appeal requires to be dismissed and accordingly, stands dismissed. "*

*8.3 In the light of the judgment of the Hon'ble Apex Court (supra) and the aforesaid reasoning, I am of the view that the ITO (Intelligence) has jurisdiction to issue notice u/s 133(6) of the I T Act*

*(ii) the order passed u/s 272A(2)(c) is barred by limitation:*

*8.4 Section 275(1)(c) of the Act prescribed the time limit for imposition of penalty u/s 272A(2)(c) of the I T Act Section 275(1)(c) of the I T Act, reads as follows:*

*"275(1) .....*

*(c) in any other case after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which action for imposition of penalty is initiated, whichever period expires later. "*

*8.5 Admittedly, penalty proceedings u/s 272A(2)(c) was initiated on 12.8.2014 by issuance of notice u/s 274 of the I T Act and the order imposing penalty u/s 272A(2)(c) was passed on 19.9.2014. Therefore, the penalty order is well within the time limit prescribed u/s 275(1)(c) of the Act The Judgment of the Hon'ble Rajasthan High Court, relied on by the Id AR of the assessee, in the case of CIT vs Sri Jithendra Singh Rathore, is not applicable to the facts of the instance case. In the case considered by the Hon'ble Rajasthan High Court the penalty proceedings u/s 2710 was initiated by issuing notice on 25.3.2003 and the penalty order was passed only on 30.9.2003 by which time, six months period mentioned u/s*

*275(l)(c) had already expired. The contention of the Id AR that notice issued u/s 133(6) should be reckoned for considering the time limit u/s 275(1)(c) of the Act is de-void of any merits; because Section 275(1)(c) prescribes the time limit only from the date of initiation of penalty proceedings; namely issuance of notice u/s 274 of the Act for the aforesaid reasons, I hold that the order passed by the Jt Director of Income Tax (Intelligence) is a valid order.*

*(iii) there was reasonable cause, as mentioned in section 2738 of the Act for non furnishing information sought u/s 133(6); therefore, penalty u/s 272A(2)(c) of the I T Act is to be quashed:*

*8.6 The assessee has not offered any valid reason for not furnishing the information called for u/s 133(6) of the Act. Many of the notices issued by the ITO (Intelligence) were never responded to by the assessee. In many instances the Assessing Officer has mentioned that when they had approached, the assessee Society, for seeking information u/s 133(6) of the Act there was total lack of co-operation on the part of the assessee society as well as threat (reference order imposing penalty u/s 272A(2)(c) in appeals ITA No.202/C/2017 and ITA NO.217/C/2017). Since there is no reasonable cause furnished by the assessee as mentioned u/s 2738 of the I T Act for non furnishing of information sought by the ITO(intelligence) u/s 133(6) of the Act I am of the view that the order imposing penalty cannot be quashed. It is ordered accordingly.*

*9 In the result, the appeal in ITA No.473/Coch/2015 is dismissed.*

*10. Both the parties have agreed that the facts considered by the Tribunal in ITA No 473/C/2015 are identical to the facts of the other appeals. Therefore, for the reasons stated in para 8 to 8.6, the appeals in ITA Nos. 243/Coch/2013, 544/Coch/2015, 190/Coch/2016, 126/Coch/2017, 158/Coch/2017, 153/Coch/2017, 146/C/2017, 194/C/2017,*

159/C/2017, 197/C/2017, 196/C/2017, 195/C/2017, 152/C/2017, 204/C/2017, 206/C/2017, 200/C/2017, 198/C/2017, 202/C/2017, 201/C/2017 and 217/C/2017 are dismissed.

11 To sum-up all the 21 appeals filed by the different assesseees are dismissed."

6. In view of the above order of the Tribunal which is identical to the facts of the present case, I hold that the CIT(A) is justified in upholding the orders passed u/s 272A(2)(c) of the Income-tax Act. It is ordered accordingly.

7. In the result, this appeal filed by the assessee stands dismissed.

Order pronounced on this 05<sup>th</sup> day of January, 2018.

Sd/-  
(George George K.)  
JUDICIAL MEMBER

Cochin ; Dated : 05<sup>th</sup> January, 2018.  
Devdas\*

**Copy of the Order forwarded to :**

1. The Appellant
2. The Respondent.
3. The CIT, Trissur.
4. CIT(A)-III, Kochi.
5. DR, ITAT, Cochin
6. Guard file.

BY ORDER,

(Asstt. Registrar)  
ITAT, Cochin