

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'G', NEW DELHI**

**BEFORE SH. N. K. BILLAIYA, ACCOUNTANT MEMBER
AND
SH. K. N. CHARY, JUDICIAL MEMBER
(THROUGH VIDEO CONFERENCING)**

ITA No.7054/Del/2018
Assessment Year: 2013-14

Shanti Chemsteel Pvt. Ltd. C/o. Dinesh Mohan, Advocate, 2 Anand Vihar, Lane No.1, Circular Road, Muzaffarnagar PAN No. AAICS8818D	Vs	DCIT Circle-2 Muzaffarnagar
(APPELLANT)		(RESPONDENT)

Appellant by	Sh.Ankit Gupta, Advocate
Respondent by	Sh. N. K. Bansal, Sr. DR.

Date of hearing:	25/10/2021
Date of Pronouncement:	25/10/2021

ORDER

PER N. K. BILLAIYA, AM:

This appeal filed by the assessee is preferred against the order of the CIT(A), Muzaffarnagar dated 31.08.2018 for A.Y. 2013-14.

2. The sum and substance of the grievance of the assessee is that the CIT(A) erred in confirming the penalty of Rs.32500/- levied by the AO u/s. 271 (1) (c) of the Act.

3. The roots for the levy of penalty lie in the assessment order dated 31.03.2016 framed u/s.143 (3) of the Act. The AO, interalia made addition of Rs.496000/- on account of penalty interest paid to Punjab National Bank and Rs.1,05,000/- on account of fee paid to ROC. The penalty proceedings were separately initiated. The relevant findings in the penalty order read as under :-

2. Further, assessment order passed in the case of the assessee, contained a direction for initiation of penalty proceedings under Section 271(1)(c) of Income Tax Act, 1961 in respect of the following additions:-

S. No	Nature of addition	Amount (in Rs.)
1	Addition on account of penal interest paid to PNB	4,96,000/-
2	Addition on account of fee paid to ROC	1,05,000/-

3. Accordingly, a show cause notice u/s 274 read with section 271(1)(c) dated 31.03.2016 was issued requiring the assessee to show cause as to why a penalty u/s 271(1)(c) may not be imposed for concealing the particulars of his income and furnished inaccurate particulars of income.

4. From the above it can be seen that the AO was not certain whether he is initiating penalty proceedings for concealing the particulars of income or furnishing inaccurate particulars of income.

5. We are of the considered view that disallowance of expenditure would not amount to concealment of income or furnishing inaccurate particulars of income. The ratio laid-down by the Hon'ble Supreme Court in the case of Reliance Petro Products 322 ITR 158 squarely apply on the facts of the case in hand, therefore, we do not find any merit in the levy of penalty u/s. 271 (1) (c) of the Act and the same is directed to be deleted.

6. In the result, the appeal filed by the assessee is allowed.

4. Decision announced in the open court in the presence of both representatives on 25.10.2021.

Sd/-
(K. NARSIMHA CHARY)
JUDICIAL MEMBER

Sd/-
(N. K. BILLAIYA)
ACCOUNTANT MEMBER

NEHA

Date:-25.10.2021

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT NEW DELHI

Date of dictation	25.10.2021
Date on which the typed draft is placed before the dictating Member	25.10.2021
Date on which the typed draft is placed before the Other member	25.10.2021
Date on which the approved draft comes to the Sr.PS/PS	25.10.2021
Date on which the fair order is placed before the Dictating Member for Pronouncement	25.10.2021
Date on which the fair order comes back to the Sr. PS/ PS	25.10.2021
Date on which the final order is uploaded on the website of ITAT	25.10.2021
Date on which the file goes to the Bench Clerk	25.10.2021
Date on which file goes to the Head Clerk.	
The date on which file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	