

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DEHRADUN BENCH 'DB': DEHRADUN**

**BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER  
AND  
SHRI AVDHESH KUMAR MISHRA, ACCOUNTANT MEMBER**

**ITA No.15 & 16/DDN/2024, A.Y. 2017-18**

Nadeem Ahmad Khan, G-102, Windlass Residency Curzon Road, Near Coronation Hospital, Dehradun, Uttarakhand PAN: ALCPK4507F	Vs.	Deputy/Assistant Commissioner of Income Tax, Central Circle Income Tax Office, 16-A, Cross Road, Dehradun-Uttarakhand
<b>(Appellant)</b>		<b>(Respondent)</b>

Appellant by	Sh. Himanshu Sharma, CA
Respondent by	Shri A. S. Rana, Sr. DR

Date of Hearing	06/05/2025
Date of Pronouncement	27/05/2025

**ORDER**

**PER AVDHESH KUMAR MISHRA, AM**

These appeals of the assessee for Assessment Year (hereinafter, the 'AY') 2017-18 are directed against orders dated 11.12.2023 of the Commissioner of Income Tax (Appeals), NFAC, New Delhi [hereinafter 'the CIT(A)'].

2. These appeals contain common facts and ground; therefore, these were heard together and are being disposed off by this common order.

3. The genesis of both appeals is penalty orders passed under sections 271D and 270A of the Income Tax Act, 1961 (hereinafter 'the Act') as under:

- (i) **ITA No.15/DDN/2024:** - The penalty of Rs.15,00,000/- levied under section 271D of the Act is in dispute in this appeal.
- (ii) **ITA No.16/DDN/2024:** - The penalty of Rs. 3,55,111/- levied under section 270A of the Act is in dispute in this appeal.

4. The relevant facts giving rise to these appeals are that the assessee, in response to notice under section 142(1) of the Act, filed his Income Tax Return (ITR) on 27.06.2019 declaring taxable income of Rs.5,80,800/- & agricultural income of Rs.3,14,500/-. The consequential assessment was completed at income of Rs.10,55,110/- During the relevant year, the assessee had received land compensation of Rs.56,89,111/- along with interest of Rs.3,55,111/- thereon from NHA. Considering the land compensation along with interest thereon as exempted income, the assessee did not offer the same for tax. The said land compensation was held exempted by the Assessing Officer (AO). However, the AO taxed the interest on land compensation, which the assessee accepted and paid tax thereon. Thereafter, the AO levied penalty, under section 270A of the Act, on interest on land compensation. Aggrieved, the assessee filed appeal before the CIT(A), who dismissed the appeal. Hence, one of the appeals is before us.

4.1 During the course of scrutiny, the AO noticed that the assessee had received cash of Rs.15,00,000/- from his father during the demonetization period and deposited the same in his bank account. On the said receipt of cash by the assessee, the AO levied penalty of Rs.15,00,000/- under section

271D of the Act. Aggrieved, the assessee filed appeal before the CIT(A), who dismissed the appeal. Hence, one of the appeals is before us.

5. In respect of the appeal with respect to the penalty under section 270A of the Act, the Ld. Authorized Representative (AR) contended that there were contradictory decisions on the issue of taxability of interest on land compensation received from the Government and Government Authorities. Keeping in view various decisions of the Hon'ble Courts and Tribunal, the assessee, in bonafide belief, claimed the land compensation along with interest thereon as exempt.

6. In respect of the appeal with respect to the penalty under section 271D of the Act, the Ld. AR contended that the assessee's father, around 75 years during the relevant year, handed over his entire cash savings, during to demonetization period, to the assessee for depositing the same in the bank account. It was contended that the assessee's father being too old, could not go to the bank due to heavy rush at the bank counters during demonetization period; therefore, he handed over his entire savings to his son to deposit the same in the bank account. The said cash was found genuine by the AO; hence, no addition was made in the assessment order. However, the AO levied penalty under section 271D of the Act. The Ld. AR contended the penalty had been levied for a technical default. There was no malafide in the said transaction. It was not a case of tax avoidance. The father has handed over the cash to his

son (assessee) due to the demonetization. The Ld. AR thus, prayed for relief as there was genuine hardship and reason for advancing the sum to the assessee.

7. On the other hand, the Ld. Sr. DR supported orders of lower authorities.

8. We have heard both parties at length and have perused the material available on records. We have considered the rival submissions and the material available on records. We are convinced with the submissions of the Ld. AR that there are reasonable causes for such default/failure. Since the section 274 of the Act mandate that the AO shall hear the assessee before levying any penalty under Chapter XXI of the Act. Thus, the ambit of reasonable cause as envisaged in section 273B of the Act gets widened to section 270A of the Act also though the same is not specifically provided in section 273B of the Act. In view of the above, we are of the considered opinion that these cases are not fit for levying penalties as there are reasonable causes for such default/failure. Accordingly, both penalties levied under section 270A and 271D of the Act are hereby deleted after setting aside both impugned orders. Consequentially, the assessee gets relief.

9. In the result, both appeals of the assessee are allowed as above.

Order pronounced in open Court on 27<sup>th</sup> May, 2025.

Sd/-

Sd/-

**(C. N. PRASAD)**  
**JUDICIAL MEMBER**

**(AVDHESH KUMAR MISHRA)**  
**ACCOUNTANT MEMBER**

Dated: 27/05/2025

*Binita, Sr. PS*

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ITA No.15 & 16/DDN/2024  
Nadeem Ahmad Khan

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

ASSISTANT REGISTRAR  
ITAT, DEHRADUN