



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।  
**IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"  
RAJKOT BENCH, RAJKOT**

**BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.232/RJT/2025

निर्धारण वर्ष/Assessment Year : 2013-14

Anila Narendra Sangani, Plot No. E-69/70 Shreenathji Enterprise, GIDC Phase-2 Dared, Jamnagar-361006	बनाम/ Vs	Income Tax Officer, Ward-1(3), Jamnagar, Taranjali Building, Income Tax Office, Nr. Amber Cinema, Pt. Nehru Marg, Hospital Rod, Jamanagar-361 008
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: <b>BDUPS 0674 L</b>		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

निर्धारित की ओर से/Assessee by : Shri Chetan Agarwal, AR  
राजस्व की ओर से/Revenue by : Shri Dheeraj Kumr Gupta, Sr-DR

सुनवाई की तारीख/**Date of Hearing** : **14/05/2025**  
घोषणा की तारीख/**Date of Pronouncement** : **05/08/2025**

आदेश/**Order**

**Per Dr. Arjun Lal Saini, A.M**

Captioned appeal filed by the assessee, pertaining to Assessment Year 2013-14, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals) [in short, "Ld.CIT(A)"], dated 24.03.2025, which in turn arises out of a penalty order passed u/s 271(1)(b) of the Act, on 15.09.2022.

2. The grounds of appeal raised by the assessee are as follows:

*"1. The Ld. CIT (A) erred in law as well as on fact in upholding penalty of Rs.30,000 imposed by ld. assessing officer u/s.271(1)(b) of the Act."*

3. Brief facts *qua* the issue are that assessee is a proprietor of M/s Shreenathji Enterprise and engaged in business of manufacturing of brass parts. The assessee



filed his return of income for A.Y. 2013-14, showing total income at Rs.2,57,100/-. Subsequently, the Investigation Wing of the Department has revealed that the proprietary concern account was used for rotation of funds and giving accommodation entries to the beneficiaries. The assessee has taken accommodation entries to the tune of Rs.4,52,27,117/-. The assessee's case was opened after recording the reasons and obtaining prior approval for issuance of notice u/s 148 of the Act from Ld.PCIT, Jamnagar on 31.03.2021. In response thereto assessee did not reply. Thereafter, notice u/s 142(1) of the Act, were issued to assessee, three times. The assessee did not make compliance of these notices, therefore, penalty of Rs.30,000/- was imposed by assessing officer u/s 271(1)(b) of the Act, for each three defaults.

4. Aggrieved by the order of Assessing Officer, the assessee carried the matter in appeal before CIT(A). The CIT(A) observed that there is no dispute on failure of assessee to comply with the notices issued u/s 142(1) of the Act during the assessment proceedings, on various dates. The Ld. CIT(A) held that appellant has not been able to show a reasonable cause even during the appellate proceedings. The appellant was having a registered account on the e-filing portal which was active because assessee is using it for filing returns of income. Hence, the Ld.CIT(A) dismissed the appeal and confirmed the levy of penalty of Rs.30,000/- for three occasions, (non-compliance), as the appellant failed to adduce any valid reason for such failure.

5. Aggrieved by the order of Ld. CIT(A), the assessee filed present appeal before the Tribunal.

6. The Ld. Counsel for the assessee, at the outset stated that assessee's case under consideration, the penalty imposed by Assessing Officer u/s 271(1)(b) of the Act is on account of non-compliance of notice during assessment



proceedings and Assessing Officer imposed penalty of Rs.30,000/- on account of three defaults. The Ld. Counsel for the assessee stated that in subsequent default, assessee has made compliance. Therefore, penalty may be imposed only Rs.10,000/- for one time default and for remaining two defaults the penalty of Rs.20,000/- may be deleted.

7. On the other hand, Ld.Senior DR for the Revenue submitted that penalty imposed by Assessing Officer regarding three defaults of Rs.30,000/-, u/s 271(1)(b) of the Act, should be confirmed.

8. I have heard both the parties and perused the materials available on record. Before me, Ld. Counsel for the assessee submitted that due to mistake of the Ld. Counsel of the assessee, the notices of hearing issued during assessment proceedings were not complied by assessee, under consideration. The assessee is illiterate person and a farmer so he does not know the income tax proceedings and he solely dependent on his tax consultant. I note that the tax consultant has committed the mistake and did not reply, to the first notice, issued during assessment proceedings. Therefore, I note that penalty u/s 271(1)(b) of the Act should be imposed for one time default only; as the assessee made subsequent compliance. Therefore, I delete penalty for two defaults and I direct the Assessing Officer to impose Rs.10,000/-, as a penalty u/s 271(1)(b) of the Act, on the assessee. This ground of assessee's appeal is partly allowed.

9. In the result, assessee's appeal is partly allowed.

**Order pronounced in the open court on 05/08/2025.**

Sd/-

**(Dr. A.L. SAINI)**

**लेखा सदस्य/ACCOUNTANT MEMBER**

राजकोट /Rajkot

दिनांक/ Date: 05/08/2025

DKP Outsourcing Sr.P.S



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

- अपीलार्थी/ The Appellant
- प्रत्यर्थी/ The Respondent
- आयकर आयुक्त/ CIT
- आयकर आयुक्त(अपील)/ The CIT(A)
- विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, राजकोट/ DR, ITAT, RAJKOT
- गार्ड फाईल/ Guard File

By order/आदेश से,

// True Copy //

सहायक पंजीकार  
आयकर अपीलीय अधिकरण, राजकोट