

आयकर अपीलीय अधिकरण, राँची न्यायपीठ, राँची

**IN THE INCOME TAX APPELLATE TRIBUNAL RANCHI BENCH, RANCHI
BEFORE SHRI GEORGE MATHAN, JM & SHRI RATNESH NANDAN SAHAY, AM**

आयकर अपील सं./ITA Nos.193 to 197/RAN/2024

(निर्धारण वर्ष / Assessment Years :2013-2014 to 2017-2018)

ACIT, Ranchi	Vs	Jharkhand State Mineral Development Corporation Ltd, Khanij Nigam Bhawan, Doranda, Nepal House Area, Ranchi Jharkhand-834002
स्थायी लेखा सं./PAN No. : AABCJ 2578 C		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)
निर्धारिती की ओर से /Assessee by	:	None (Adjournment Petition filed)
राजस्व की ओर से /Revenue by	:	None (Adjournment Petition filed)
सुनवाई की तारीख / Date of Hearing	:	09/10/2025
घोषणा की तारीख/Date of Pronouncement	:	09/10/2025

आदेश / ORDER

Per Bench :

These are the appeals filed by the revenue against the separate orders passed by the Id.CIT(A), Patna-3, all dated 28.12.2023 for the assessment year 2013-2014, 2014-2015, 2015-2016, 2016-2017 & 2017-2018, respectively.

2. An adjournment has been sought on behalf of the assessee by Shri Alope Kumar Choudhuri, GM(Finance) of the assessee Corporation stating that due to unforeseen circumstances, they have been unable to engage alternative representation and prepare the case for the hearing within the scheduled timeframe. The reasons given being unsatisfactory, the adjournment application filed on behalf of the assessee stands rejected.

3. Shri Rajib Jain, Id. CIT-DR has also sought adjournment stating that the order has been passed by him as CIT(A) and his stands be precluded from defending the said order as he has given relief to the assessee and it

would not be appropriate for him to argue against his own order. However, looking to the facts of the case, the adjournment application stands also rejected. As the matter is practically covered, therefore, these appeals are being disposed off on merits.

4. These appeals are in respect of demands raised u/s.206C of the Act. A perusal of the order of the Id. CIT(A), more specifically at page 13 shows that the AO had passed the orders u/s.206C of the Act for all the five financial years in one order. A perusal of the order of the Id.CIT(A) shows that though in his personal view he has taken the stand that the AO has rightly computed the liability of the appellant, the passing of the assessment orders for each financial year would not have impacted the liability of the appellant. He has followed the judicial discipline in following the decision of the coordinate bench of the Tribunal in the case of M/s Central Coalfields Limited in ITA No.38/Ran/2021 dated 23.01.2023, wherein in para 21 of the order the coordinate bench has quashed the orders passed u/s.206C of the Act for failure to comply with the statute under which the prescribed procedure as is mandatory has not been followed. Here, Shri Mahendra Kumar Choudhary, learned Advocate, who represents on behalf of M/s Central Coalfields Limited, was asked to assist the Bench as *Amicus Curiae* and he has intimated this Bench that the Hon'ble Jurisdictional High Court of Jharkhand at Ranchi has dismissed the appeal of the revenue against the said order in the case of M/s Central Coalfields Limited and the findings of the Tribunal in the said case has been upheld. The relevant observations

of the Hon'ble Jurisdictional High Court in the case of M/s Central Coalfields Limited are as under :-

Heard learned counsel for the parties.

2. The instant appeal has been preferred by the Revenue under section 260-A of the Income-tax Act, 1961 (the "Act") challenging the Order dated 23.01.2023 passed by the learned Income Tax Appellate Tribunal, Ranchi Bench in I.T.A No.38/Ran/2021.

3. The Revenue has raised the following substantial question of law as stated in paragraph 2 of the memo of appeal:

a. Whether on the facts and in law, the learned Tribunal has erred in ignoring the fact that it is duty and the responsibility of the assessee company to collect TCS @ 1% under section 206C (1A) of the Act from all buyers on the sale of coal if it is not used for self consumption or for the purpose for which it was intended to be used ?

b. Whether on the facts and in law, the learned Tribunal has erred in holding that the assessee company is not responsible for verification of Form 27C if it is duly filed in and signed by the declarant ignoring the fact that Form 27C is widely misused and coal are utilized for trading purpose?

c. Whether on the facts and in law, the learned Tribunal has erred in deleting the entire demand of 'TCS' by holding that the Revenue authorities have wrongly treated the company as "assessee in default" under section 206C of the Act?

d. Whether on the facts and in law, the learned Tribunal has erred in ignoring the provisions that "if such buyer furnishes to the persons responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner" mentioned in the sub-section 1A of the section 206C, meaning thereby that not only it should be furnished in prescribed form in duplicate, but also verified in prescribed manner. In such circumstances, whether, M/s Central Coalfields Limited was required to verify the genuineness of the buyers who submitted Form 27C for they being the end user of the coal for manufacturing, processing or producing articles or things or for the purpose of generation of power and not for trading purposes?

e. Whether on the facts and in law, in the light of the extant provisions prescribed under section 206C (1A) of the Income-tax Act, 1961 read with Rule 37C of the Income Tax Rule, 1962, the Ld. ITAT has erred in

shifting the entire onus to verify the genuineness of such buyers who submitted the Form 27C to the seller, M/s Central Coalfields Limited, on the Income Tax Department?

f. Whether on the facts and in law, the learned ITAT has erred in ignoring the outcome of enquires made in the case of M/s Gautam Coal Works Pvt. Ltd. establishing the fact that this buyer was not the end user of the coal purchased from M/s Central Coalfields Limited?

g. Whether on the facts and in law, the learned ITAT has erred in deleting the entire demand against the respondent assessee, M/s Central Coalfields Limited on the technical ground that the entire demand was created for a single Assessment Year 2018-19, whereas in the order u/s 206C dated 10.11.2017, the TCS demands as well as the interest thereof were calculated for each Assessment Year pertaining to A.Y. 2013-14 to A.Y. 2018-19 separately?

4. Though, the Revenue has proposed as many as nine substantial question of law in the instant appeal, the fulcrum of the Revenue's appeal is the interpretation of section 206 C of the Act. As per the Revenue, under section 206 C (1A) of the Act, the verification of the declaration to be furnished by the purchaser is to be done by the seller (i.e. the assessee in the instant matter).

5. The relevant portion of the section 206 C of the Act reads as under:

(1-A) "Notwithstanding anything contained in sub-section, no collection of tax shall be made in the case of a buyer, who is resident in India, if such buyer furnishes to the person responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the goods referred to in column (2) of the aforesaid Table are to be utilized for the purposes of manufacturing, processing or producing articles or things [or for the purposes of generation of power] and not for trading purposes."

6. The relevant rule under the Income-tax Rules, 1962 (the "Rules") for the purposes of section 206C of Act is Rule 37-C, relevant part of which reads as:

(1) "A declaration under sub-section (1A) of section 206C to the effect that any of the goods referred to in the Table in sub-section (1) of that section are to be utilized for the purposes of manufacturing, processing or producing articles or things and not for trading purposes shall be in Form No. 27C and shall be verified in the manner indicated therein."

7. The 'declarant' in Form-27C is the 'purchaser' and not the 'seller'. The verification/ declaration part of Form27C reads as under:

“I/We do hereby declare that to the best of my/our knowledge and belief what is stated above is correct, complete and is truly stated. I/We declare that the goods referred to in Column No.21 shall not be used for trading purposes. I/We also, declare that I/We am/are resident in India within the meaning of section 6 of the Income-tax Act, 1961.”

8. Quite clearly, the phrase ‘verified in the prescribed manner’ in the scheme of the Act and the Rules, mean that the verification/ declaration is to be made by the purchaser who is providing the signed/ verified form to the seller, and neither the Act, nor the Rules, in any manner lay down that any verification whatsoever is to be done by the seller, as is being sought to be contended by the Revenue.

9. Further, the learned tribunal has rightly considered this entire issue and has also referred to the judgment of this Hon’ble Court in the case of M/s Atibir Industries Co. Ltd., Giridih vs. The Central Coalfields Limited & Ors. [WPC No. 46/2018, order dt.03.12.2018] which is relevant for the instant matter. The learned Tribunal has rightly held at paragraph-18 of the impugned order:

“...We are, therefore, of the considered view that once Part I of Form 27C dully filled and signed by the declarant is received by the assessee and Part-II of Form 27C is dully filled and signed by the seller is forwarded to the respective revenue authorities, within the prescribed time limit, then nothing more is required to be done by the assessee and if any buyer is found to have given a false statement, then the assessee should not be held responsible for such act of the buyer...”

10. Hence, on an overall consideration of the aspects as enunciated above, in our considered view, there is no question of law, much less any substantial question of law involved in the instant appeal, as, what is being contended by the Revenue is clearly de hors what is laid down in section 206C(1A) of the Act read with Rule 37C of the Rules and Form 27C.

11. The Hon’ble Supreme Court in the case of CIT v. A.A. Estate (P) Ltd.¹ has held that if the High Court is of the view that if an appeal does not involve any substantial question of law so as to attract the rigor of section 260-A of the Act for its admission, the appeal ought to be dismissed in limine.

12. Hence, this appeal fails and is dismissed. No order as to costs.

5. As it is noticed that the Hon’ble Jurisdictional High Court has upheld the view of the Tribunal in the case of M/s Central Coalfields Ltd., referred to supra, respectfully following the decision of the Hon’ble Jurisdictional

High Court, we are of the view that the Id. CIT(A) has rightly quashed the orders passed by the AO u/s.206C of the Act for the years under consideration. Accordingly, we uphold the same and dismiss the appeals of the revenue.

6. It must be mentioned here that the Id. CIT(A) has quashed the orders for the Financial Years 2012-2013 to 2016-2017 but has confirmed the liability under Section 206C of the Act for the Financial Year 2017-2018 and the assessee has not challenged the said order of the Id. CIT(A) for the Financial Year 2017-2018.

7. In the result, all the appeals of the revenue stand dismissed.

Order dictated and pronounced in the open court on 09/10/2025.

Sd/-

(RATNESH NANDAN SAHAY)

लेखा सदस्य / ACCOUNTANT MEMBER

Sd/-

(GEORGE MATHAN)

न्यायिक सदस्य / JUDICIAL MEMBER

राँची Ranchi; दिनांक Dated 09/10/2025

Prakash Kumar Mishra, Sr.P.S.

आदेश की प्रतिलिपि अग्रहित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant- .
2. प्रत्यर्थी / The Respondent-
3. आयकर आयुक्त(अपील) / The CIT(A),
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, राँची / DR, ITAT, Ranchi
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/ BY ORDER,

(Senior Private Secretary)

आयकर अपीलीय अधिकरण, राँची / ITAT, Ranchi