

**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'B' BENCH, KOLKATA**

Before

**SHRI GEORGE MATHAN, JUDICIAL MEMBER
&
SHRI RAKESH MISHRA, ACCOUNTANT MEMBER**

**I.T.A. No.: 2277/KOL/2025
Assessment Year: 2014-15**

| | | |
|------------------------|-----|------------------------------|
| Jyoti Shroff | Vs. | D.C.I.T., Circle-29, Kolkata |
| (Appellant) | | (Respondent) |
| PAN: ALXPS7735A | | |

Appearances:

Assessee represented by : N. Kaushik, A.R.

Department represented by : Pankaj Pandey, Addl. CIT, Sr. DR.

Date of concluding the hearing : 09-December-2025

Date of pronouncing the order : 30-December-2025

ORDER

PER RAKESH MISHRA, ACCOUNTANT MEMBER:

This appeal filed by the assessee is against the order of the Commissioner of Income Tax (Appeals)-NFAC, Delhi [hereinafter referred to as Ld. 'CIT(A)'] passed u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') for AY 2014-15 dated 12.09.2025.

2. The assessee is in appeal before the Tribunal raising the following grounds of appeal:

"1. For that on the facts and circumstances of the case the Order passed under section 250 of the IT Act 1961 by Ld. Commissioner of Income-tax (Appeals) (NFAC) is bad in law as well as on facts.

2. For that on the facts and circumstances of the case, the Ld. Commissioner of Income-tax (Appeals) NFAC erred in confirming the action of the Ld. DCIT imposing penalty u/s 271(1) of a sum of Rs. 7,24,315/-

3. For that the appellant craves leave to add, alter or amend any grounds before or at the time of hearing of appeal."

3. Brief facts of the case are that the assessee is an individual and had filed her return of income showing total income of ₹18,20,730/-. Subsequently, the case was selected for scrutiny and assessment proceedings were completed u/s 143(3) of the Act at the total income of ₹42,18,190/- after making certain disallowances including unsubstantiated claim of processing charges to the extent of ₹23,44,055/-. Further, penalty proceedings were also initiated u/s 271(1)(c) of the Act and a penalty amounting to ₹7,24,315/- was imposed vide order dated 29.06.2017 on the disallowance of processing charges for furnishing inaccurate particulars of income. Aggrieved with the penalty order, the assessee filed an appeal before the Ld. CIT(A) who, vide order dated 12.09.2025, dismissed the appeal of the assessee by holding as under:

"I have carefully considered the submissions made by the appellant, the facts on record and the applicable law in this regard.

6.1 The appellant's grounds of appeal are against the action of the Assessing Officer in levying penalty u/s 271(1)(c) for furnishing inaccurate particulars of income.

6.2 In the present proceedings before me, the appellant submitted that she had filed quantum appeal before National Faceless Appeal Centre (NFAC), Delhi and the same is not yet decided and pending for final decision. Hence it was requested to keep the appeal hearing abeyance till the final decision of quantum addition made in the assessment order by Assessing officer.

Being aggrieved with the order passed u/s. 143(3), the appellant preferred had appeal before Addl/JCIT (appeals) on 19.07.2017. The Addl/JCIT(Appeals) vide order u/s 250 Dated: 27/11/2024 in DIN & Order No ITBA/APL/S/250/2024-25/1070666516(1) dismissed the appellant's appeal as under:

"The appellant was issued notice to reply against the remand report of the Ld. AO, however the appellant remained silent and did not submitted her reply. In view of the above, it is noticed that expenditure on job work has been allowed by the AO to the extent of bills/voucher submitted by the appellant. The only amount which

was not supported with proper bills/voucher has been disallowed to the amount of Rs. 23,44,055/-. I therefore find, the assessment order passed by the Assessing Officer stands a well-reasoned and comprehensive document, thoroughly discussing the issues involved. In view of the facts of the case, I uphold the addition made by the AO to the amount of Rs. 23,44,055/-."

6.3 Subsequent to decision in quantum appeal vide above-mentioned order u/s 250 dated 27/11/2024 the appellant was issued notice u/s 250 dated 25/07/2025 asking her to explain why the present appeal against penalty order u/s 271(1)(c) should not be dismissed in view of dismissal of quantum appeal in her case. As no response was received, another notice u/s 250 dated 16/08/2025 was again issued, to which also no response has been received till date. Hence it is construed that the appellant has no further evidence or explanation to offer in this regard.

Accordingly, as the addition made on unsubstantiated processing process charges has been confirmed, and the appellant is unable to offer a bonafide explanation or to establish that there was no furnishing of inaccurate particulars of income, the penalty imposed u/s 271(1)(c) at Rs. 7,24,315/- is upheld and the appellant's grounds are dismissed.

7. In the result, the appeal is dismissed."

4. Aggrieved with the order of the Ld. CIT(A), the assessee has filed the appeal before the Tribunal.

5. Rival contentions were heard and the submissions made have been examined. The Ld. AR brought to our notice that in the assessee's own case in **ITA No. 1483/KOL/2025** for AY 2014-15 vide order dated 12.09.2025, the appeal against the quantum addition was allowed by the Coordinate Bench of the Hon'ble Tribunal and the matter has been restored to the Ld. AO for the assessment to be done afresh and the copy of the order has been filed; the relevant extract of which is as under:

"5. After hearing the rival submissions and perusing the orders of lower authorities, I find that One Sri Pradip Das was working with the assessee and received the amount. Some of the bills and vouchers were lacking therefore, the AO had disallowed the difference amount. Before the Bench,

ld AR submitted that the said bills and vouchers are now available and same can be produced. In view of above, I set aside the order of the Id CIT(A) and restore the matter back to the file of the Assessing Officer for redo the assessment after allowing reasonable opportunity of hearing to the assessee. The assessee is directed to submit the documentary evidence in support of the claim before the AO.

6. In the result, appeal of the assessee is partly allowed for statistical purposes.”

6. It was submitted that since the quantum addition no longer survives, therefore, the penalty also does not survive.

7. We have considered the submissions made, gone through the facts of the case and perused the record and the order of the Ld. CIT(A). As the assessment order has been set aside to be done *de novo*, the addition on which penalty was imposed no longer survives, therefore, the penalty also does not survive. Hence, following the finding of the Coordinate Bench of the Hon'ble Tribunal in the quantum appeal, the penalty order is hereby quashed and the grounds taken by the assessee in her appeal are allowed. The Ld. AO shall be at liberty to re-initiate the penalty proceeding in case the facts so warrant after the assessment has been reframed.

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

Order pronounced in the open Court on 30th December, 2025.

Sd/-

[George Mathan]

Judicial Member

Sd/-

[Rakesh Mishra]

Accountant Member

Dated: 30.12.2025

Bidhan (Sr. P.S.)



Copy of the order forwarded to:

1. **Jyoti Shroff, C/o. Shri Jitendra Kaushik, Advocate, 19-D, Muktaram Babu Street, Kolkata, West Bengal, 700007.**
2. **D.C.I.T., Circle-29, Kolkata.**
3. CIT(A)-NFAC, Delhi.
4. CIT-
5. CIT(DR), Kolkata Benches, Kolkata.
6. Guard File.

// True copy //

By order

Assistant Registrar
ITAT, Kolkata Benches
Kolkata