

IN THE INCOME TAX APPELLATE TRIBUNAL “G” BENCH, MUMBAI

**BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT AND
SHRI JAGADISH, ACCOUNTANT MEMBER**

ITA No. 6598/Mum/2025
(Assessment Year: 2012-13)

M/s. Synergy Art Foundation Ltd. 3 rd Pasta Lane, 8/9, Colaba, Mumbai-400 005	Vs.	DCIT, Circle 8(2)(1) Room No. 624, 6 th Floor, Aayakar Bhawan, M. K. Road, Mumbai-400 020
PAN/GIR No. AABCS 7467 F		
(Appellant)	:	(Respondent)

Appellant by	:	Shri J. Prabhakar – CA
Respondent by	:	Shri Arun Kanti Datta – CIT DR

Date of Hearing	:	17.12.2025
Date of Pronouncement	:	05.01.2026

ORDER

Per Saktijit Dey, Vice President:

This is an appeal by the assessee against order dated 13.08.2025, passed by National Faceless Appeal Centre (‘NFAC’ for short), confirming the penalty imposed of Rs.8,44,632/- u/s. 271(1)(c) of the Income Tax Act, 1961 (‘the Act’ for short) for the assessment year (A.Y.) 2012-13.

2. Briefly stated the facts are, the assessee is a resident corporate entity engaged in the business of selling artworks and paintings. For the assessment year under dispute, the assessee had filed its return on 30.09.2012, declaring loss of Rs.34,84,139/-.

3. In course of assessment proceeding, the Assessing Officer (A.O. for short) noticed that the assessee had claimed capital loss of Rs.26,06,892/- on account of closure of an investment named as Yatra Art Funds. When the A.O. called upon the assessee to furnish

the details and justify its claim, the assessee in its reply dated 11.03.2015 withdrew the claim. Accordingly, the A.O. added back the sum to the income of the assessee. Based on such addition, the A.O. initiated proceedings for imposition of penalty u/s. 271(1)(c) of the Act. Though the assessee furnished its explanation, objecting to imposition of penalty, however, the A.O. passed an order imposing penalty of Rs.8,44,632/-, alleging concealment of income as well as furnishing of inaccurate particulars of income.

4. Challenging the imposition of penalty, though, the assessee filed an appeal before the first appellate authority, however, penalty was sustained.

5. Before us, Id. Counsel appearing for the assessee submitted that the loss claimed by the assessee is revenue neutral as the assessee has only sought for carry forward of loss. Therefore, there is no case of imposition of penalty u/s. 271(1)(c) of the Act.

6. Per contra, Id. Departmental Representative (Id. DR for short) strongly relied upon the observations of A.O. and first appellate authority.

7. We have considered rival submissions and perused the materials available on record. On perusal of the computation of income furnished by the assessee along with the return of income, it is observed that in the year under consideration, the assessee had returned loss. The computation of income further reveals that the assessee has claimed carry forward of loss of Rs.26,06,892/-. Essentially, the assessee would have derived benefit had the carry forward of loss been allowed as the said loss would have been available for set off against future income. No such benefit has been availed by the assessee. That being the case, in our view, there cannot be a situation for imposition of

penalty u/s. 271(1)(c) of the Act. Accordingly, we delete the penalty-imposed u/s. 271(1)(c) of the Act.

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

Order pronounced in the open court on 05.01.2026

Sd/-

Sd/-

(Jagadish)
Accountant Member

(Saktijit Dey)
Vice President

Mumbai; Dated : 05.01.2026
Roshani, Sr. PS

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT - concerned
5. DR, ITAT, Mumbai
6. Guard File

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai