

IN THE INCOME TAX APPELLATE TRIBUNAL BENCH-RANCHI
VIRTUAL HEARING AT KOLKATA

**Before Shri Sonjoy Sarma, Judicial Member
and Shri Ratnesh Nandan Sahay, Accountant Member**

I.T.A. No.191/Ran/2023

Assessment Year: 2008-09

M/s Anjeneya Ispat Ltd.....Appellant
29, Rain Basera, Sanjay Nagar Colony,
Adityapur, Saraikela, Jharkhand- 831013.
[PAN: AAGCA1031N]

vs.

CIT(A), Jamshedpur.....Respondent

Appearances by:

Shri Devesh Poddar, Adv., appeared on behalf of the appellant.

Shri Kanhaiya Lal Kanak, CIT, appeared on behalf of the Respondent.

Date of concluding the hearing : December 18, 2025

Date of pronouncing the order : January 06, 2026

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal filed by the assessee is directed against the order of the CIT(A), Jamshedpur (hereinafter referred to as "CIT(A)") dated 18.01.2019 passed under Section 271(1)(c) of the Income-tax Act, 1961 (hereinafter referred to as the "Act").

2. Brief facts of the case are that the instant appeal has been filed by the assessee against the order dated 18.01.2019 passed by the CIT(A) under section 271(1)(c) read with section 250 of the Income-tax Act, 1961, whereby the total income of the assessee was determined at ₹37,00,000, as against the income originally assessed. Consequent to the said appellate order, the Assessing Officer initiated penalty proceedings and passed an order dated 18.01.2019 under section 270A(1)(c) of the Act, imposing a penalty of ₹27,00,000, being 200% of the tax alleged to be evaded, on the addition of ₹37,00,000.

3. Aggrieved by the levy of penalty, the assessee is in appeal before the Tribunal. The learned counsel for the assessee submitted that the penalty imposed is purely consequential to the quantum addition of ₹37,00,000. On an identical issue for Assessment Year 2008–09, the quantum appeal of the assessee was decided by this Tribunal in favour of the assessee, granting full relief. Since the very foundation of the penalty, i.e., the quantum addition, has already been deleted by the Tribunal on the same issue, the penalty cannot survive independently. Therefore, the penalty order passed under section 270A(1)(c) deserves to be quashed.

4. The learned Departmental Representative relied on the orders of the lower authorities but did not controvert the factual position that the quantum addition on identical issue has already been deleted by the Tribunal.

5. We have heard the rival submissions and perused the material available on record. It is a settled principle of law that penalty proceedings are dependent upon the sustainability of the quantum addition. When the very addition, on the basis of which penalty has been levied, does not survive, the penalty imposed thereon automatically collapses. In the present case, it is undisputed that on an identical issue for Assessment Year 2008–09, the Tribunal has already deleted the quantum addition, granting relief to the assessee. Since the penalty levied in the year under consideration is purely consequential to the said addition, it has no independent legs to stand on. Accordingly, the penalty imposed under section 270A(1)(c) is unsustainable in law. We, therefore, set aside the penalty order and direct the Assessing Officer to delete the penalty of ₹27,00,000 imposed upon the assessee.

6. In the result the appeal of the assessee is allowed.

Kolkata, the 6th January, 2026.

Sd/-
[Ratnesh Nandan Sahay]
Accountant Member

Sd/-
[Sonjoy Sarma]
Judicial Member

Dated: 06.1.2026.

RS

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches