

IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'A' : NEW DELHI)

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT
AND
SMT. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER

ITA No. 4836/Del/2025
Asstt. Year : 2014-15

SH. MUKESH SINGLA & SONS (HUF), VS.
64, BHAGWAN BUDHA
COOPERATIVE SOCIETY,
SECOND FLOOR, PITAMPURA,
DELHI – 110 034
(PAN: AAIHM2755E)
(Appellant)

DCIT, CIRCLE 28(1),
NEW DELHI
(Respondent)

Appellant by : Dr. Rakesh Gupta, Adv. & Sh. Saksham
Agrawal, CA
Respondent by : Sh. A.K. Arora, Sr. DR.

Date of Hearing	19.01.2026
Date of Pronouncement	19.01.2026

ORDER

PER MAHAVIR SINGH, VP:

This appeal by the Assessee is emanating from the order of the NFAC, Delhi in Appeal No. NFAC/2013-14/10433404 dated 05.8.2025. Penalty order u/s. 271(1)(b) of the Income Tax Act, 1961 dated 28.9.2022 relating to assessment year 2014-15 was passed on 28.09.2022.

2. At the time of hearing, Ld. AR has submitted that in the instant appeal the only issue is against the action of the AO imposing a penalty of Rs. 40,000/- u/s. 271(1)(b) on the ground that the assessee has failed to comply with the notices issued u/s. 142(1) dated 26.11.2021, 11.02.2022, 02.3.2022 and 9.3.2022 by the AO during the course of reassessment proceedings. It was further submitted that

assessee could not make necessary compliance to the said notices for the reason that the Karta of the assessee-HUF, Sh. Mukesh Singla was under immense mental and financial distress as he incurred huge losses due to fire that broke down in his business premises of his business concerns and he was occupied with the cases before the appropriate courts relating to his business concerns. He further stated that however, there was a reasonable cause on the part of the assessee for not appearing before the AO upon issuing of notices, but for all the notices, the default was the same and therefore, penalty of Rs. 10,000/- may be imposed for the first default made by this assessee in this regard. To support this contention, Ld. AR filed the copy of the decision in the case of Smt. Rekha Rani vs. DCIT (ITA No. 6131/Del/2013) (AY 2009-10).

3. On the other hand, Ld. DR relied upon the orders of the lower authorities.

4. We have heard the rival contentions and perused the relevant records. We find that in this case AO imposed the penalty of Rs. 40,000/- (Rs. 10,000 x 4 for each failure) u/s. 271(1)(b) on the ground that the assessee has failed to comply with the notices issued u/s. 142(1) dated 26.11.2021, 11.02.2022, 02.3.2022 and 9.3.2022 and Ld. CIT(A) confirmed the said action of the AO. We find that there was no reasonable cause on the part of the assessee for not appearing on the different dates of hearing before the AO in response to notices issued u/s. 142(1) of the Act. However, we find that the default is same and, therefore, penalty of Rs. 10,000/- could be imposed for the first default made by the assessee in this regard. In our view, the penalty under section 271(1)(b) could not be imposed for each and every notice issued under section 142(1), which remained not complied with on the part of the assessee. The provision of Section 271(1)(b) is of deterrent nature and not for earning revenue. In this view of the matter, we restrict the penalty levied u/s. 271(1)(b) of the Act to the first default of the assessee in not complying with the notice under section 142(1) of the Act. Accordingly, the penalty imposed is restricted to Rs. 10,000/- as against Rs. 40,000/- confirmed by the CIT(A). The ground of appeal of the assessee is thus partly allowed. Our aforesaid view is

fortified by the decision of the ITAT, Delhi in the case of Smt. Rekha Rani vs. DCIT (ITA No. 6131/Del/2013) (AY 2009-10) dated 06.05.2015.

5. In the result, the Assessee's appeal is partly allowed.

Order pronounced in the Open Court on 19.01.2026.

Sd/-
(RENU JAUHRI)
ACCOUNTANT MEMBER

Sd/-
(MAHAVIR SINGH)
VICE PRESIDENT

Date: 21.01.2026

SRBhatnagar

Copy forwarded to: -

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

TRUE COPY

By Order,

Assistant Registrar, ITAT, Delhi Bench