

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DEHRADUN BENCH, DEHRADUN**  
**Before Sh. Satbeer Singh Godara, Judicial Member**  
**&**  
**Sh. Manish Agarwal, Accountant Member**

**ITA No. 101/DDN/2025 : Asstt. Year: 2014-15**

Kisan Sahkari Chini Mills Ltd., Gadarpur, Udham Singh Nagar, Uttarakhand-263152 (APPELLANT)	Vs	DCIT, Circle-2(2)(1), Kashipur, Uttarakhand (RESPONDENT)
<b>PAN No. AAAAK0224F</b>		

**Assessee by : Ms. Gurkiran Kaur, CA**  
**Revenue by : Sh. Amar Pal Singh, Sr. DR**

<b>Date of Hearing: 13.01.2026</b>	<b>Date of Pronouncement: 13.01.2026</b>
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**ORDER**

**Per Satbeer Singh Godara, Judicial Member:**

This assessee's appeal for Assessment Year 2014-15, arises against the CIT(A), Haldwani's order dated 16.02.2018 in case No. 10172/CIT(A)/HLD/2016-17, in proceedings u/s 143(3) of the Income Tax Act, 1961.

2. Heard both the parties at length. Case file perused.
3. We notice during the course of hearing that the assessee/appellant raises its sole substantive grievance challenging both the learned lower authorities' action levying section 271(1)(c) penalty of Rs.54,56,853/- in the Assessing

Officer's order dated 08.08.2019 and upheld in the lower appellate discussion.

4. Both the learned representative vehemently reiterates their respective stands against and in support of the impugned penalty. The assessee is admittedly a cooperative society engaged in the business of manufacture/production of sugar in the relevant previous year. And that the learned Assessing Officer had framed his section 143(3) assessment on 01.12.2016 invoking section 43B "unpaid leave encashment amount" outstanding in the balance sheet to the tune of Rs.47,67,222/- which has attained finality. Both the learned lower authorities hold in this factual backdrop that the above disallowance is an instance of concealment of income at the assessee's behest attracting section 271(1)(c) in issue.

5. We have given our thoughtful consideration to the assessee's and the Revenue's respective vehement submissions. We find no reason to sustain the impugned penalty. This is for the precise reason that hon'ble apex court landmark decision in CIT vs. Reliance Petroproducts (P) Ltd. (2010) 322 ITR 158 (SC) has already settled the issue long back that quantum and penalty stand on different footing wherein each and every

disallowance addition made in the course of the former does not ipso facto the latter penal provision. We reiterate that all the impugned disallowance has been made is that unpaid leave encashment u/s 43B than that requiring a complex misrepresentation of the fact that the assessee's behest. We thus deleted the impugned penalty of Rs.54,56,853/- levied by both the learned lower authorities in very terms.

6. This assessee's appeal is allowed.

Order Pronounced in the Open Court on 13/01/2026.

Sd/-  
**(Manish Agarwal)**  
**Accountant Member**  
**Dated: 13/01/2026**

\*Subodh Kumar, Sr. PS\*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-  
**(Satbeer Singh Godara)**  
**Judicial Member**

**ASSISTANT REGISTRAR**