

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 184/Ran/2025

(Assessment Year-2016-17)

Suresh Kumar Modi HUF, Suresh Babu Street, Upper Bazar, Ranchi-834001 (Jharkhand) PAN No. AABHS 5667 L	Vs.	I.T.O., Ward-3(1), Ranchi.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri Rajiv. R. Mittal, A.R.
Department represented by	Shri Rajib Jain, CIT-DR
Date of hearing	06/01/2026
Date of pronouncement	03/02/2026

ORDER

PER: BENCH

1. This is an appeal filed by the assessee against the order of the Id. CIT(A), Patna-3, Patna in Appeal No. CIT(A), Patna-3/10082/2018-19 dated 31/03/2025 for the A.Y. 2016-17 by raising following grounds of appeal:

- "1. The order of the Asst. Commissioner of Income Tax, Central Circle - 1. Ranchi is bad in law and facts.
2. The Commissioner of Income Tax (Appeal) erred in confirming the penalty U/s Sec 271AAB as per order of Asst. Commissioner of Income Tax, Central Circle - 1. Ranchi based on notice issued for penalty u/s 274 of the Income Tax Act 1961.
3. The Commissioner of Income Tax (Appeal) erred in not following the orders of Jurisdictional Tribunal, High Courts as well as Supreme Court of India.
4. Any other grounds if any will be urged at the time of the hearing."

2. The facts of the case, in brief, are that the assessment order under Section 143(3) of the Income Tax Act, 1961 (in short, the Act) was passed on 27/12/2017 wherein income of the assessee was assessed at ₹ 33,42,020/-. The penalty proceedings under Section 271AAB of the Act was also initiated by

the Assessing Officer while passing the order under Section 143(3) of the Act. Subsequently, the Assessing Officer passed penalty order under Section 271AAB of the Act on 28/06/2018 and imposed a penalty of ₹ 3,01,520/- being 10% of the tax sought to be evaded on the ground that the assessee had admitted the quantum of undisclosed income in course of search and seizure proceedings and disclosed the same in the income tax return filed by the assessee and paid the requisite tax on that.

3. Aggrieved by the penalty order, the assessee preferred appeal before the Id. CIT(A), who vide the impugned order dismissed the appeal of the assessee and confirmed the penalty order passed by the Assessing Officer rejecting the grounds taken by the assessee that the notice under Section 271AAB of the Act was issued in a routine manner without mentioning the specific clauses of Section 271AAB of the Act.
4. Aggrieved by the order of Id. CIT(A), this appeal has been filed by the assessee before this Tribunal.
5. During the appellate proceedings before us, the appellant submitted a copy of the notice issued under Section 274 read with section 271AAB of the Act issued to the assessee where nothing has been specified by the Assessing Officer as to under which provisions, the Assessing Officer imposed penalty on the assessee and rather mentioned "have concealed the particulars of your income or furnishing inaccurate particulars of such income". The Id. AR of the assessee has relied on the decision of the Coordinate Bench of this Tribunal in ITA No. 282/Ran/2019 for the A.Y. 2016-17 order dated 16/07/2020 and ITA No.

63/Ran/2020 for the A.Y. 2017-18 order dated 06/03/2024 wherein the penalty imposed under Section 271AAB of the Act was quashed on this ground.

6. On the other hand, the Id. CIT-DR, justified the action of the lower authorities.
7. We have considered the rival submissions and it is found that the present case is squarely covered by the decision of the Coordinate Bench (supra) wherein the Coordinate Bench had quashed the penalty order on the ground that the Assessing Officer failed to specify as to under which section and for which reason, the penalty was imposed. Since the case is covered by the decisions of the Coordinate Bench of this Tribunal on the same issue, respectfully following the same, we also hold that the Assessing Officer in the notice issue under Section 274 read with section 271AAB of the Act has failed to specify the reasons for initiating the penalty in the said notice. Thus, the penalty imposed by the Assessing Officer and confirmed by the Id. CIT(A) is deleted and the appeal of the assessee is allowed.
8. In the result, this appeal of the assessee is allowed.

Order pronounced in open court on 03/02/2026.

Sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Ranchi, Dated:03/02/2026

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi