

**IN THE INCOME TAX APPELLATE TRIBUNAL  
LUCKNOW 'B' BENCH, LUCKNOW  
BEFORE SH. KUL BHARAT, VICE PRESIDENT  
AND  
SH. NIKHIL CHOUDHARY, ACCOUNTANT MEMBER**

ITA No.389/LKW/2025  
A.Y. 2019-20

Malika, C/o CA Sanjay Saxena 12, Pratap Enclave, Bisrat (G.T.), Road, Shahjahanpur	vs.	Income Tax officer-3(2), Hardoi
<b>PAN: EXJPM9888L</b>		
(Appellant)		(Respondent)

Assessee by:	Sh. Pranav Pandey, C.A.
Revenue by:	Sh. R.R.N. Shukla, Add CIT DR
Date of hearing:	26.11.2025
Date of pronouncement:	30.01.2026

**ORDER**

**PER NIKHIL CHOUDHARY, A.M.:**

This is an appeal filed by the assessee against the order of the Id. CIT(A), NFAC dated 4.03.2025 dismissing the appeal against the penalty levied by the Id. Assessing Officer under section 272A(1)(d). The grounds of appeal are as under:-

*"1. That the Id. A.O. erred in imposing penalty of Rs. 20,000/- u/s 272A(1)(d) of the Income Tax Act, 1961 without exploring the facts of the case and hence such imposition of penalty is contrary to the facts and circumstances of the case and liable to be deleted.*

*2. That the appellant reserves a right to add/alter/amend/delete any ground of appeal at the time of its hearing."*

2. The facts of the case are that the assessee did not file a return of income under section 139(1) of the Income Tax Act for the assessment year 2019-20. The Id. AO received information that she had purchased immovable property of Rs. 18,40,000/- during the financial year relevant to the assessment year 2019-20. The Id. AO records that he issued notices to the assessee but the assessee did not comply with the said notices. However, when a show cause notice was issued,

compliance was made. From the same, the Id. AO came to the conclusion that investment in the property to the extent of Rs. 3,10,000/- was unexplained and therefore he added the same back under section 69. Furthermore, he found that against the stamp duty value of Rs.18,40,000/-, the assessee had purchased the property for only Rs. 12,00,000/- and therefore, the difference of Rs. 6,40,000/- was added back by him under section 56(2)(X). While completing the assessment, the Id. AO initiated penalty proceedings under section 272A(1)(d) for the failure of the assessee to comply to the various notices. In her reply dated 18.04.2024, the assessee requested that the penalty proceedings so initiated may be kept in abeyance till the disposal of its appeal pending before the Id. CIT(A). However, the Id. AO rejected the said request because the penalty was being imposed for non-compliance of notices issued under section 142(1) of the Act and had nothing to do with the additions made in the assessment. Thereafter, he issued two more notices to the assessee and on both occasions, the assessee sought adjournment. Since the assessee kept on requesting for adjournments and did not file any response on the merits of the issue, the Id. AO decided to levy the penalty of Rs. 20,000/- on account of the failure of the assessee to comply with the notices issued by him.

3. Aggrieved by the same, the assessee went in appeal before the Id. CIT(A). Before the Id. CIT(A), it was submitted that no notice under section 142(1) had been received and that the order under section 147 r.w.s 144 of the Income Tax Act, 1961 was received sans of previous notices. It was further submitted that the assessee had entrusted the matter to her C.A. / AR but they had failed to file the necessary submissions. Furthermore, she submitted that since the appeal against the quantum had already been filed before the Id. CIT(A), the penalty levied under section 272A(1)(d) should be set aside. The Id. CIT(A) rejected such submissions of the assessee. He noted that the assessee's case was reopened under section 147 and the notices have been served upon her both electronically and physically. Thereafter, it was the assessee's duty to comply with the notices that had been issued. The reasons cited by her did not constitute reasonable cause under the law

therefore, there was no need to differ with the plea of the AO. He accordingly, confirmed the penalty that was levied.

4. The assessee is aggrieved at this dismissal of her appeal and has accordingly come before us. Sh. Pranav Pandey, C.A. (hereinafter referred to as the AR) represented the assessee and it was submitted that the assessee was an Agriculturist, who was having agricultural income as well as income from Dairy Farming of Buffalos and Cows. She was minimally educated and not aware of income tax matters. In fact, she had no registration on the income tax Portal. Since her income was below the exemption limit, therefore, she was not required to file an ITR in earlier assessment years. No assessment proceedings have been initiated against her earlier. When she received notices for the first time, she was perplexed as to how to respond to such notices and what they even meant. For this reason, the replies were delayed and it was non intentional. The assessee farmer approached the professional for advise on the matter and thereafter entrusted the matter to the counsel. Any failure to make compliance was thereafter on account of the negligence of the counsel and given the state of literacy of the assessee, it was unreasonable to expect that she could monitor and understand the issue. Accordingly, it was prayed that there was justified reasons for the non-compliance and therefore, it was submitted that the penalty may kindly be quashed.

5. On the other hand, Sh. R.R.N. Shukla, Addl CIT DR submitted that the ignorance of law was not an excuse and assessee should have been more vigilant of the need to comply. Since she had not been vigilant, the fault was lay with her and the penalty deserve to be confirmed.

6. We have duly considered the facts and circumstances of the case. The facts of non-compliance to the two notices issued by the ld. AO are not denied. However, section 273B of the Income Tax Act points out that notwithstanding anything contained in the provisions of various sections, no penalty shall be imposable on a person if the said person were to demonstrate that there was reasonable cause for the failure to make compliance. In the present case, we noticed that in the

statement of facts filed before the Id. CIT(A), the assessee has laid down the reason for non-compliance. The fact that a person had never had contact with the Income Tax Department before, due to the nature of her profession and due to the fact that she had income below taxable limits in previous assessment years is a reasonable ground to assume that she was not well-versed in the procedures and requirements of compliance to income tax notices. It is, therefore, natural that such a person would be dependent upon a professional to help her to make compliance, especially because she was barely literate. In the circumstances, the explanation given by her for the failure to make compliance to the two notices cannot be dismissed out hand as being unreasonable, given the circumstances narrated by her. We also note from the assessment order that the assessee has made compliance during the course of assessment proceedings on two occasions, because the details of the information sought by the Id. AO have been furnished by her and the two letters submitted by her in response to these notices / show cause letters are scanned and placed in the assessment order itself. In the facts and circumstances of the case, we hold that there was a reasonable cause for the failure to comply to the two earlier notices and the replies submitted by the assessee demonstrated the fact that the assessee was desirous of making compliance. In the circumstances, we do not feel that it is a fit case for imposition of penalty under section 272A(1)(d) and we therefore, delete the penalty of Rs. 20,000/- levied by the Id. AO for the failure of the assessee to respond to the two notices issued under section 142(1).

7. In the result, the appeal of the assessee is allowed.

Order pronounced on 30.01.2026 in the Open Court.

**Sd/-**  
**[KUL BHARAT]**  
**VICE PRESIDENT**  
DATED: 30/01/2026

sh

**Sd/-**  
**[NIKHIL CHOUDHARY]**  
**ACCOUNTANT MEMBER**

Copy forwarded to:

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

By order  
Sr. P.S.