

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'A', NEW DELHI**

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

ITA No. **6254/DEL/2025**; Assessment Year: **2016-17**

<b>DCIT Delhi</b>	Vs	<b>Aster Tradelinks Pvt. Ltd. A-3/3, Khajuri Chowk Pusta Road Bhajanpura New Delhi- 110055 Delhi</b>
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>
<b>PAN No. AAFCA6048L</b>		

Cross Objection No. **4/DEL/2026**; Assessment Year: **2016-17**

<b>Aster Tradelinks Pvt. Ltd. A-3/3, Khajuri Chowk Pusta Road Bhajanpura New Delhi- 110055 Delhi</b>	Vs	<b>DCIT Delhi</b>
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>
<b>PAN No. AAFCA6048L</b>		

Assessee Represented by: **Dr. Rakesh Gupta, Advocate  
Shri Somil Arawal, Advocate**

Revenue/Department Represented by: **Shri Ajay Kumar Arora, Sr. DR**

Date of Hearing: <b>28.01.2026</b>	Date of Pronouncement: <b>13.02.2026</b>
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**ORDER**

**PER RENU JAUHRI :**

The above captioned appeal and cross-objection are preferred by the revenue and the assessee respectively.

2. The assessee has filed the appeal against the order dated 16.06.2025, passed by Commissioner of Income Tax (Appeals)- 29 [for short, Ld. CIT(A)], New Delhi u/s 250 whereas the assessee has filed cross objection against it.

3. At the threshold, it is noted that the appeal is time-barred by 03 days. An application for condonation of delay has been filed by the revenue. After considering the reasons explained therein, we hereby condone the minor delay of 3 days in filing of appeal by the Revenue.

4. The Revenue has raised following grounds in its cross objection:

*“1. Whether Ld. CIT(A) has erred in deleting the penalty u/s 271(1)(c) of the I. T. Act, 1961 amounting to Rs.71,51,527/- without appreciating that assessment in the case of the assessee for the year under consideration was duly completed as per the statutory provisions of section 147/148 of the Act.*

*2. Whether Ld. CIT(A) has erred in deleting the penalty u/s 271(1)(c) of the I. T. Act, 1961 amounting to Rs.71,51,527/- without appreciating that assessment in the case of the assessee for the year under consideration was completed on 21.03.2024 within the limitation as per the provisions of section 153(2) of the Act to pass order u/s 147/148 of the IT Act, 1961.*

*3. The appellant craves leave to add, amend, vary, omit or substitute any of the aforesaid grounds of appeal at any time before or at the time of hearing of appeal. ”*

5. The assessee has raised the following grounds of appeal:

*“1. That having regard to the facts and circumstances of the case, Ld. CIT(A) ought to have deleted the penalty of Rs.71,51,527/- imposed under section 271(1)(c), as the Ld. AO failed to record the mandatory satisfaction as required under the law and further failed to specify the exact charge, i.e., whether the penalty was for 'concealment of income' or for 'furnishing of inaccurate particulars of income', thereby rendering the initiation and levy of penalty invalid and void in law.*

*2. That having regard to the facts and circumstances of the case, Ld. CIT(A) ought to have deleted the penalty of Rs.71,51,527/- imposed under section 271(1)(c) also on the ground that penalty*

*notice u/s 271(1)(c) issued by Ld. AO is vague as inapplicable clause has not been struck off in such notice.*

*3. That having regard to the facts and circumstances of the case, Ld. CIT(A) ought to have deleted the penalty imposed by Ld. AO under section 271(1)(c) amounting to Rs.71,51,527/-, as the impugned penalty order is illegal and void ab-initio and without obtaining the valid approval from the competent authority in accordance with law.*

*4. That in any case and in any view of the matter, Ld. CIT(A) ought to have deleted the impugned penalty as the penalty proceedings initiated are bad in law and against the facts and circumstances of the case and without granting adequate opportunity of hearing and without observing the principles of natural justice.*

*5. That having regard to the facts and circumstances of the case, Ld. CIT(A) has rightly deleted the penalty of Rs.71,51,527/- imposed by Ld. AO under section 271(1)(c) of the Income-tax Act, 1961, as the impugned penalty order was passed in the absence of a valid reassessment and even without complying with the mandatory conditions prescribed under the said provision.*

*6. That having regard to the facts and circumstances of the case, Ld. CIT(A) ought to have deleted the impugned penalty as the penalty order passed by Ld. AO was barred by limitation and hence unsustainable in law.*

*7. That the cross objector craves the leave to add, amend, modify, delete any of the ground(s) of cross objection before or at the time of hearing. ”*

6. Brief facts of the case are that a penalty u/s 271(1)(c) of Rs. 71,51,527/- was levied by the Ld. AO @ 100% of the tax on concealed income of Rs. 2,16,30,000/- as the assessee was found to have taken accommodation entries from non-genuine entities during the year. Aggrieved with the penalty order, the assessee preferred an appeal before the Ld. CIT(A). After noting from the portal that the relevant assessment proceedings u/s 147 had not been completed, as claimed by the assessee, the penalty was deleted by Ld. CIT(A) vide order dated 16.06.2025 holding that penalty could not be levied as the assessment had not been finalized.

6.1 Aggrieved with the deletion of penalty, revenue is in appeal before us on the ground that the assessment for the year under consideration was duly completed vide order dated 21.03.2024 and, therefore, Ld. CIT(A) had wrongly deleted the penalty on the ground that the assessment was still pending.

6.2 On the other hand, the assessee has filed cross objection raising several issues including the legal ground regarding non-striking off of limb under which penalty was sought to be levied in the notices issued on 24.09.2024 & 27.09.2024.

7. We first take up the legal ground raised by the assessee in its cross objection wherein it is claimed that the AO had failed to specify the exact charge i.e., whether the penalty was for ‘concealment of income’ or ‘for furnishing of inaccurate particulars of income’, thereby rendering the initiations and penalty invalid.

7.1 In this regard, Ld. AR has placed before us copies of notices issued by the Ld. AO on 24.09.2024 & 27.09.2024. It is clear from the perusal of these notices that the Ld. AO has not specified whether the notice was being issued in the ‘concealment of income’ or ‘for furnishing of inaccurate particulars of income’. Ld. AR has placed reliance on several decisions on this issue, including that of the jurisdictional High Court in the case of *PCIT v. M/s Sahara India Life Insurance Company Limited, (2021)432 ITR 84 (Del)* wherein it was held that whether notice issued by the Ld. AO did not specify under which limb of section 271(1)(c) penalty proceedings had been initiated i.e., whether for ‘concealment of income’ or ‘for furnishing of inaccurate particulars of income’, the penalty notice issued would be bad in law.

7.2 On the other hand, Ld. DR has relied on the order of the Ld. AO.

8. After hearing the rival submissions and on perusal of the notices placed before us, we are of the view that the penalty notices issued without striking-off

the irrelevant limb by the Ld. AO were invalid. Accordingly, respectfully following the above decision of the Jurisdictional High Court, we, hereby, quashed penalty of Rs. 71,51,527/- imposed by the Ld. AO, u/s 271(1)(c) of the Act.

8.1 Since the penalty order has been quashed, the other grounds of appeal taken by the revenue and by the assessee in its cross objection are rendered infructuous and hence, not been adjudicated upon.

9. In the result, the appeal of the revenue is dismissed and the cross objection of the assessee is allowed.

Order pronounced in the Open Court on 13 -02-2026.

**Sd/-**  
**(MAHAVIR SINGH)**  
**Vice President**

**Sd/-**  
**(RENU JAUHRI)**  
**Accountant Member**

Dated: 13.02.2026

Pooja Mittal

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi