

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH “B”, DELHI**

**BEFORE SH. SUDHIR KUMAR, JUDICIAL, MEMBER
AND
SH. MANISH AGARWAL, ACCOUNTANT, MEMBER**

ITA No.4596/DEL/2025
Assessment Year: 2018-19

Sudhir Gandhi 44-E/9 Kishan Garh Near Sector –A Pocket A Vasant Kunj Delhi-110070 PAN No.AEUPG1902P	Vs.	Assistant Commissioner Of Income Tax, Circle 61(1) Delhi
(APPELLANT)		(RESPONDENT)

Appellant by	Sh. Narender Arora, Adv.
Respondent by	Ms. Kanchan Garg, Sr. DR

Date of hearing:	10/02/2026
Date of Pronouncement:	13/02/2026

ORDER

PER SUDHIR KUMAR, JUDICIAL MEMBER:

This appeal by the assessee is directed against the order of the National Faceless Appeal Centre (NFAC) Delhi [hereinafter referred to as “Ld. NFAC)”] vide order dated 28-05-2025 pertaining to A.Y. 2018-19 arising out the penalty order dated 10-09-2021 u/s 271AAC(1) of the Income-tax Act, 1961, (in short ‘the Act’).

2. The assessee has raised the following grounds in appeal as under:

1. *On the facts and circumstances of the case, the authorities below have erred in upholding imposition of penalty of Rs.9,41,635/- and the penalty order both are invalid and without jurisdiction as the said penalty proceedings is completed without complying with legal requirements of the provisions of section 271AAC of the Income Tax Act therefore such penalty is void ab initio and liable to be quashed.*

2. *On the facts and circumstances of the case, the authorities below have erred in upholding imposition of penalty of Rs.9,41,635/- without correctly appreciating the facts of the case.*

3. *The Ld. CIT(A) has erred both in law and in facts of the case in not allowing sufficient opportunity to the appellant to represent its case before himself to adjudicate on all grounds of appeal.*

4. *The appellant craves leave to add delete modify/amend the above grounds of appeal with the permission of the Hon'ble appellate authority.*

3. The brief facts of the case are that the assessee is engaged in the activity of consultancy services and execution of turnkey projects. The assessee filed its return of income on 30-10-2018 declaring loss of Rs.68,61,070/- and on the same day filed revised return of income declaring total income of Rs.68,61,070/-. The assessee

further filed rectification request on 25-04-2019. The return was processed by CPC on 01-06-2019. During the assessment proceedings additions were made on several issues and penalty proceedings was also initiated. After considering the reply filed by the assessee the AO levied the penalty of Rs.9,41,635/- for the A.Y.2018-19.

4. Aggrieved the order of the ld. AO the assessee preferred the appeal before the Ld. NFAC who considering the factual and legal position, vide his order dated 28-05-2025 dismissed the appeal of the assessee.

5. Being aggrieved the order of the Ld. NFAC the assessee is in appeal before the Tribunal.

6. Ld. AR of the assessee submitted that the appeal of the assessee against the quantum has already been allowed by the Hon'ble ITAT and sent back to Ld. CIT(A) to decide the merit. He further submitted that penalty appeal, was also dismissed being consequential. Learned authorized representative for Department of Revenue submitted that Ld. NFAC has passed the reasoned order. She fairly accepted the position that the quantum appeal has already been restored to the NFAC.

6. We have heard the parties and perused the material available on record. Since, the quantum appeal filed by

assessee has already been restored to the NFAC, therefore we find it fit to restore this matter accordingly. The appeal of the assessee is allowed and appeal is restored to the file of the NFAC to decide afresh after giving the opportunity of being heard to the assessee.

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

Order pronounced in the open court 13.02.2026.

Sd/-

Sd/-

(MANISH AGARWAL)
ACCOUNTANT MEMBER

SR BHATNAGGR

Date: 13.02.2026

Copy forwarded to:

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

(SUDHIR KUMAR)
(JUDICIAL MEMBER)

ASSISTANT REGISTRAR
ITAT DELHI