

**IN THE INCOME TAX APPELLATE TRIBUNAL
AMRITSAR BENCH, AMRITSAR.**

**BEFORE SH. UDAYAN DAS GUPTA, JUDICIAL MEMBER
AND SH. KRINWANT SAHAY, ACCOUNTANT MEMBER**

(Physical Hearing)

**I.T.A. Nos.625 and 626/Asr/2024
Assessment Year: 2017-18**

Wattsun Energy, Pir Chaudhary Road, Kapurthala, Punjab. [PAN:AABFW6696B] (Appellant)	Vs.	ITO, Ward-1, Kapurthala. (Respondent)
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Appellant by	Sh. Sandeep Vijn, CA.
Respondent by	Sh. Charan Dass, Sr. DR

Date of Hearing	17.02.2026
Date of Pronouncement	23.03.2026

ORDER

Per: Udayan Das Gupta, JM:

ITA No. 625/Asr/2024

This appeal is filed by the assessee, against the order of the Ld. CIT (A) NFAC, passed u/s 250 of the Act 61, dated 20/09/2024, sustaining the penalty of Rs. 10,000/-, imposed by the AO, u/s 272A(1)(d) of the Act 61, dated 14/12/2021.

2. At the outset, the appellant has raised grounds challenging the CIT(A)'s decision, primarily contending that the penalty was imposed without considering the jurisdictional defects and without awaiting the outcome of the quantum appeal.

3. Brief facts of the case are that the assessee, *Wattsun Energy*, located at Kapurthala, Punjab, is engaged in the business of manufacturing and trading of solar products, and has deposited cash amounting to *Rs.11 lakhs* in Indian Bank A/c no. xxxxx0098 during demonetisation period i.e. *09.11.2016 to 30.12.2016*, and in absence of any return on record, proceedings were initiated vide notice u/s 148 dated 26/04/2018, and in absence of any response to various notices subsequently issued u/s 142(1), the assessment was completed on a total income of *Rs.11 lakhs* and penalty proceedings initiated and subsequently imposed u/s 272A(1)(d), amounting to *Rs. 10,000/-*, for non compliance to notices dated 20/12/2019.

3.1 In first appeal proceedings, the assessee prayed for keeping the penalty appeal in abeyance on the ground that the appeal against the quantum is pending, but the appeal has been dismissed with the observation that there has been repeated failure on the part of the assessee to comply with the show cause notices u/s 274 in course of penalty hearing which proves that the assessee is a habitual defaulter.

3.2 Before the tribunal the Ld. AR of the assessee, filed a copy of the notice u/s 148 dated 26/04/2018 issued by the AO, *Khamgaon, Maharashtra*, and stated that the first appeal against quantum has been challenged on jurisdictional issue where

the proceedings has been initiated by a non-jurisdictional AO, whereas, the assessee jurisdiction lies with *AO-Ward-2, Kapurthala, Punjab*, and the first appeal against quantum is still pending for hearing, and he prayed for the penalty matter to be remanded to the Ld. first appellate authority, to be considered along with the quantum after deciding the jurisdictional issue, the same being flawed.

4. The ld. DR present in court and relied on the order of ld. CIT(A).

5. We have heard the rival submissions and perused the materials on record and we find that the appeal against the quantum order is still pending, and the outcome thereof on the jurisdictional issue, has a direct bearing on the penalty proceedings.

5.1 As such, in view of the above, we consider it appropriate to remand the penalty matter back to the CIT(A) for consideration afresh, keeping in view the outcome of the quantum appeal on the jurisdictional issue raised.

ITA No. 626/ASR/2024

6. This appeal pertains to the penalty of Rs.5,000 (five thousand) imposed u/s 271F of the Act for failure to file return of income, vide order dated 12/11/2021, and sustained by the Ld. CIT(A) vide order dated 12/11/2021.

7. The facts and circumstances are similar to the appeal in *ITA 625/Asr/2024* and our observation applies *mutatis mutandis*.

8. In the result, this penalty appeal is also remanded back to the Ld first appellate authority to be decided in tandem with the quantum.

9. In the result both the appeals of the assessee are allowed for statistical purposes.

Order pronounced on 23.03.2026 under Rule 34(4) of the Income Tax Appellate Tribunal Rules 1963.

Sd/-

(KRINWANT SAHAY)
Accountant Member
AKV

Sd/-

(UDAYAN DAS GUPTA)
Judicial Member

Copy of the order forwarded to:

- (1)The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy
By order