Principal Commissioner of Income Tax-5, Kolkata v. Ram Awatar Dhoot

ITAT/21/2025 (IA No: GA/1/2025)

ITAT/21/2025 (IA No: GA/1/2025) (High Court at Calcutta, 2025-03-07) | 2025-03-07

The Revenue appeal was partly allowed on the legal interpretation, but deletion of this penalty was expressly left intact considering its amount below Rs.5 lakh and the assessee's individual status.

Income-tax Act, 1961: 271(1)(c)

High Court at Calcutta | Division Bench | T. S. Sivagnanam | Chaitali Chatterjee (Das)

Assessment years: 2015-16

Scope of this source order

The actual outcome is mixed: legal questions favour the Revenue, monetary penalty relief remains. Do not describe the penalty as restored or formulate a general statutory exemption below Rs.5 lakh.

01 FACTS OF THE CASE

For AY2015–16, Revenue challenged the Tribunal's 29 August 2024 deletion of Rs.4,61,771 penalty under section 271(1)(c). The penalty followed a section 68 addition of Rs.14,94,407 concerning Sulabha Engineering shares claimed as exempt LTCG. The quantum addition had already been upheld. The Tribunal demanded stricter proof of culpability and gave the individual benefit of doubt because the gain was small and possible bona fides could not be excluded.

Source: Opening and questions pp.1–3; Tribunal reasoning pp.3–4

02 DISCUSSION BY THE HON'BLE COURT

Relying on Dharamendra Textile Processors, the Court rejected the Tribunal's requirement to establish wilful concealment or culpability for this civil penalty. It distinguished civil penalty from prosecution and clarified that a penalty appeal could not sit in appeal over the earlier High Court quantum decision. It nevertheless preserved the individual's monetary relief for the specific reasons stated at the end.

Source: Reasons, PDF pp.4–6

03 JUDICIAL DECISION

The Court set aside the Tribunal's contrary legal interpretation, partly allowed Revenue's appeal and answered the questions for Revenue. But it expressly affirmed deletion of this penalty, considering that it was below Rs.5 lakh and the assessee was an individual. GA1/2025 was disposed of.

Source: Operative reasoning, PDF pp.6–7

04 OUTCOME / IN WHOSE FAVOUR

Mixed final result: Revenue succeeded on legal interpretation, while the assessee retained deletion of Rs.4,61,771. No penalty was restored and no general statutory exemption for penalties below Rs.5 lakh was declared.

Source: PDF pp.6–7

05 EXPERT COMMENTS

Separate the legal answer from the money result — The operative order simultaneously corrects the culpability test and preserves deletion of the individual penalty. Describing the appeal simply as Revenue-favourable would conceal the surviving monetary relief; describing it as approval of the Tribunal's legal test would be equally inaccurate.

Civil liability does not erase statutory ingredients — The rejected additional requirement was wilful concealment or culpability as if this were prosecution. The discussion does not make every adverse quantum assessment automatically a penalty order, nor permit the Tribunal to revisit a binding High Court quantum conclusion within a penalty appeal. Read the penalty provision and its explanations with the actual findings.

The small-amount relief is case-specific — The Court relied on both this individual's status and penalty below Rs.5 lakh when declining interference. It did not announce a monetary safe harbour available to every taxpayer. Exact procedural dates also require care: the source gives inconsistent penalty dates and different references for the earlier quantum judgment, retained in the audit rather than silently harmonised.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

High Court at Calcutta source judgment/order

Complete 7-page source PDF; corrected note based on this document.

All 7 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Source-era statutory provisions only; no Income-tax Act, 2025 equivalence asserted.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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