Samtel India Limited v. Principal Commissioner of Income Tax, & Ors.

W.P.(C) 5857/2018 (CNR No. DLHC011422292018)

W.P.(C) 5857/2018 (CNR No. DLHC011422292018) (High Court of Delhi, 2026-08-24) | 2026-08-24

The writ was allowed and the penalty order dated 31 March 2016 and revisional order dated 18 January 2018 were quashed.

Income-tax Act, 1961: 271(1)(c), 264, 147

High Court of Delhi | Division Bench | Dinesh Mehta | Rajneesh Kumar Gupta

Assessment years: 2007-08

Scope of this source order

The source chronology also mentions a penalty order dated 22 July 2015, but its operative paragraph identifies 31 March 2016. The holding concerns a penalty dependent on the annulled reassessment, not every independent statutory penalty.

01 FACTS OF THE CASE

For AY2007–08, Samtel's regular assessment of 9 December 2009 was followed by reassessment on 27 December 2013 and rejection of its appeal on 27 January 2015. During this writ, it placed the Tribunal's 12 February 2025 order on record: reassessment had been set aside as a mere change of opinion. The writ challenged the section264 rejection dated18 January2018 concerning section271(1)(c) penalty.

Source: Paras1–5, PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

Revenue accepted that reassessment had been set aside but argued that a technical annulment and its inability to appeal because of monetary limits should not invalidate the inaccurate-particulars penalty. The Court held that annulment had attained finality and the assessment-based foundation for initiating penalty had disappeared. It relied on K.C.Builders for the consequence of removal of that foundation.

Source: Paras6–8, PDF pp.3–5

03 JUDICIAL DECISION

The writ was allowed. The operative paragraph quashed the penalty order dated31 March2016 and the revisional order dated18 January2018. Pending applications were disposed of.

Source: Paras9–10, PDF p.5

04 OUTCOME / IN WHOSE FAVOUR

Final assessee-favourable cancellation of the dependent penalty and revisional orders after the reassessment's final annulment. The judgment does not quantify the penalty or determine a surviving independent penalty basis.

Source: Paras8–10, PDF pp.3–5

05 EXPERT COMMENTS

Establish the penalty's dependence and the assessment's status — The decisive facts were that the reassessment had been set aside, that result had attained finality, and initiation of this penalty depended on that assessment. A request for consequential relief should connect the exact penalty to the annulled assessment and place the later appellate order on record, as Samtel did through additional material.

A monetary-limit explanation did not preserve this penalty — Revenue's inability to challenge the Tribunal because of monetary limits did not restore the annulled foundation. The Court rejected the attempted distinction between technical and other grounds of annulment in these circumstances. It did not adjudicate all possible penalties arising independently of the cancelled assessment.

Keep the quotation and operative holding distinct — The K.C.Builders extract contains language about intention and concealment, but this Court's operative rationale is the loss of the assessment foundation. This note does not turn that quotation into a freestanding current-law mens-rea test. The source also gives differing penalty dates:22 July2015 in paragraph3 and31 March2016 in paragraphs1 and9; the operative date is reported without suppressing the discrepancy.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

High Court of Delhi source judgment/order

Complete 5-page source PDF; corrected note based on this document.

All 5 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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