Hoshiarpur Roller Flour Mills v. Income Tax Officer and others

ITA 146/2006

ITA 146/2006 | 2007-02-05

Penalty upheld on documented discrepancies and authorized admission

260A | 271(1)(c)

High Court of Punjab and Haryana | Chandigarh | M.M. Kumar | Rajesh Bindal

Assessment years: 1997-98

01 FACTS OF THE CASE

Hoshiarpur Roller Flour Mills challenged the Tribunal's penalty decision for AY 1997-98. Investigation found fictitious purchase bills: a supplier could not be located, the truck owner denied transporting the wheat, and another supplier admitted issuing fictitious bills. The authorised representative's letter of 30 March 2000 accepted discrepancies and requested minimum penalty under section 271(1)(c), stating that the firm wished to buy peace.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The assessee disputed that the representative had authority to make the admission. Revenue produced the original record establishing his authority. The Court treated the written communication as an admission by an authorised agent within sections 17 and 18 of the Evidence Act, considered alongside the evidence of fictitious purchases. It found no legal infirmity in the Tribunal's conclusion.

Source: PDF pp.4–5

03 JUDICIAL DECISION

The Court found no substantial question of law warranting admission and dismissed the assessee's appeal. The Tribunal's order sustaining penalty remained undisturbed.

Source: PDF pp.4–5

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded in this penalty appeal on the documented admission and factual record. The judgment is not merely a case of an unexplained voluntary surrender, nor does it make every agreed assessment addition automatically sufficient for penalty.

Source: PDF pp.2–5

05 EXPERT COMMENTS

Read the admission with the independent evidence — The Court recounted supplier enquiries, a transport denial and fictitious-bill evidence before addressing the letter. The phrase buy peace did not negate its factual content in that setting. A comparison with another penalty case must examine what was admitted and the supporting investigation, rather than isolating that phrase as a universal admission of concealment.

Authority of the representative was proved from the original record — The firm disputed instructions, but Revenue produced material showing that the representative was duly authorised. That evidentiary step mattered to the application of sections 17 and 18 of the then Evidence Act. The decision should not be used to attribute every informal remark by an unauthorised person to an assessee. Retain the authority instrument and exact communication when evaluating a claimed admission.

Separate the questions proposed from the reasons actually decided — The proposed questions included a one-day notice and natural justice. The judgment resolved the appeal through the authorised admission and factual record; it gives no independent general ruling that one day is always adequate notice. Its result concerns this section 271(1)(c) penalty, not a new penalty quantum or a current-law clearance.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Punjab and Haryana High Court order; verified source copy

Complete source PDF reviewed: 5 physical pages.

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

Sections and disposition are recorded only to the extent stated in this source order.

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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