Commissioner of Income-tax, Jalandhar v. National Mining Co.

ITR 61/1999

No neutral citation stated in source | 2007-07-25

Penalty deletion upheld where the disputed receipt was already disclosed and assessed on accrual in the earlier year.

271(1)(c) | 256(1)

High Court of Punjab and Haryana | Division Bench | M.M. Kumar | Ajay Kumar Mittal

Assessment years: 1987-88

01 FACTS OF THE CASE

The six-partner contracting firm returned Rs.2,94,720 for 1987-88 and was assessed at Rs.7,81,110, including a disputed Rs.4,70,135 receipt. A Rs.2,35,047 penalty followed. CIT(A) deleted it and the Tribunal agreed: after changing its accounting method the firm had already shown the receipt on accrual in 1986-87, accepted in scrutiny. It offered inclusion in 1987-88 with a corresponding earlier-year adjustment and no penalty.

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02 DISCUSSION BY THE HON'BLE COURT

The Court accepted the categorical findings that the receipt had been disclosed and assessed in the earlier year, no permission for the accounting change was required, and the proposed adjustment was genuine and bona fide although not accepted by the Assessing Officer. Those facts did not attract concealment or inaccurate-particulars penalty. The reproduced Tribunal reasoning also rejected the Assessing Officer's use of McDowell on these facts.

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03 JUDICIAL DECISION

Both referred questions were answered against Revenue and in favour of the assessee, sustaining the Tribunal's dismissal of Revenue's penalty appeal.

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04 OUTCOME / IN WHOSE FAVOUR

Deletion of the Rs.2,35,047 penalty survived. No direction recomputing either year's assessment or granting the proposed consequential adjustment appears in the operative answer.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

Earlier-year disclosure distinguishes this from hidden receipts — The same Rs.4,70,135 had been shown on accrual and accepted under section 143(3). That assessment record supported the finding that the later timing dispute was not concealment. Comparable reliance should reconcile the identical receipt across returns and orders; merely asserting that income belonged to another year would not reproduce this evidential foundation.

The bona fide adjustment offer was evidence, not ordered relief — The offer contemplated matching inclusion and removal across years, and the Tribunal accepted its genuineness. The High Court used that finding to resolve penalty; it did not direct the adjustment itself. A practitioner must therefore distinguish the successful penalty defence from any separate procedural route needed to correct the assessments.

Tax-planning language remains tied to this accounting record — The McDowell discussion appears in the Tribunal passage and was considered with full disclosure, prior assessment and the genuine offer. It is not a general approval of every tax-reducing arrangement or a universal exemption from penalty where tax is paid in some other year. The Court's answer rests on the concrete findings in this reference.

Source: PDF p.3

SOURCE & VERIFICATION

20070725_PHHC010387491999.pdf

Complete source PDF reviewed: 5 physical pages.

All 5 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All five original pages read and visually inspected. The judgment determines penalty, not a fresh inter-year tax adjustment.

STATUTORY SCOPE

Section 271(1)(c) penalty reference for assessment year 1987-88; earlier disclosure concerned 1986-87.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has not been 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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