

<p>आयकर अपीलिय अधिकरण 'डी' न्यायपीठ, चेन्नई। IN THE INCOME TAX APPELLATE TRIBUNAL 'D' BENCH: CHENNAI</p> <p>श्री बालकृष्णन एस, लेखा सदस्य के समक्ष एवं श्री मनु कुमार गिरि, न्यायिक सदस्य BEFORE SHRI BALAKRISHNAN S, ACCOUNTANT MEMBER AND SHRI MANU KUMAR GIRI, JUDICIAL MEMBER</p>		
<p>आयकर अपील सं./ITA No 546/Chny/2026 निर्धारण वर्ष/Assessment Year: 2023-24</p>		
<p>Girish Raghuram, New No 11, Old No 6, Flat 1 A, Ramaniyam Saradha Apts, Parangusapuram Street Kodambakkam, Chennai - 600024</p>	<p>v.</p>	<p>Deputy Commissioner of Income Tax Non - Corporate Circle - 17(1), Chennai-600006</p>
<p>[PAN: AFBPR6704E]</p>		
<p>(अपीलार्थी/ Appellant)</p>		<p>(प्रत्यर्थी/ Respondent)</p>
<p>अपीलार्थी की ओर से/ Assessee by : Mr. N. Vijay Kumar, C.A</p>		
<p>प्रत्यर्थी की ओर से /Respondent by : Ms. Latchana, JCIT</p>		
<p>सुनवाई की तारीख/Date of Hearing : 09.04.2026</p>		
<p>घोषणा की तारीख /Date of Pronouncement : 09.04.2026</p>		

आदेश / ORDER

PER MANU KUMAR GIRI, JM:

This captioned Appeal filed by the Assessee is directed against the order of the Ld. Commissioner of Income Tax (A), Chennai [CIT(A)] dated 25.11.2025 Assessment Year 2023-24.

2. The appellant is an individual aged 50 years who filed his return of income for Assessment Year 2023-24 belatedly under



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Section 139(4) on 28.12.2023, declaring a total income of Rs.43,32,460/-. Subsequently, a revised return was filed on 31.12.2023 declaring an income of Rs.12,88,360/- after claiming deductions under Chapter VI-A. These deductions were claimed based on the advice of a tax consultant, who had assured the appellant of an enhanced refund in return for a commission based on the refunded amount.

The appellant, having very limited knowledge of income tax laws and being unaware of the relevant deductions and provisions of the Income-tax Act, relied on such advice and filed the revised return accordingly. The case was selected for complete scrutiny under the E-Assessment Scheme, 2019 on account of the deductions claimed in the revised return.

During the course of assessment proceedings, the appellant, upon becoming aware of the nature of the deductions claimed, was shocked. On realizing the same, the appellant duly acknowledged that he had erroneously claimed deductions aggregating to Rs.30,51,506 (including deductions under Sections 80GGC, 80EEB, and 80D) without possessing any supporting evidence. Consequently, the entire amount of deduction was disallowed and added back to the assessed income.



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The assessment was completed under Section 143(3) on 09.12.2024, resulting in a total demand of Rs.10,08,689/-. The appellant has paid the entire tax demand so raised, demonstrating his bona fides. However, penalty proceedings under Section 270A(8) were separately initiated for alleged misreporting of income.

The appellant was issued multiple notices, including show cause notices and letters, but due to personal difficulties and lack of knowledge of tax laws, he was unable to respond in a timely manner or represent his case effectively before the authorities. The Assessing Officer thereafter levied a penalty of Rs.18,94,138/- under Section 270A(8) read with Section 270A(9), alleging misreporting of income.

Being aggrieved by the order passed by the Assessing Officer, the appellant preferred an appeal before the Learned Commissioner of Income Tax (Appeals). However, the Learned CIT(A) dismissed the appeal and confirmed the penalty levied by the Assessing Officer.

Aggrieved by the order of the Learned CIT(A), the appellant has preferred the present appeal before this Hon'ble Tribunal.



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3. At the outset, the Learned Authorised Representative (Ld. AR) for the assessee drew attention to Ground No.3 of the grounds of appeal, which reads as under:

"3. For the Commissioner of Income Tax (Appeals) failed to appreciate that the show cause notice issued u/s.274 r.w.s.270A is not valid since the same was issued without specifying the clause under which the penalty proceedings were initiated."

4. The Ld AR for the assessee also pointed out from para 4.6 of the assessment order wherein the AO has noted as under :-

From the above, it is cleared that the assessee has no supporting evidence and admitted that he has wrongly claimed the above deductions of Rs.30,51,506/-. Therefore, the same are disallowed and added to the total income of the assessee. I am satisfied that the assessee has under reporting his income is in consequence of misreporting of income, therefore penalty u/s.270A(8) of the I.T. Act is initiated separately.

5. The Ld. AR for the assessee also referred page 7 of the paper book which is as under: -

To, GIRISH RAGHURAM NEW NO11,OLD NO 6 FLAT 1 A, RAMANIYAM SARADHA APTS, PARANGUSAPURAM STREET Kodambakkam Chennai 600024, Tamil Nadu India	
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PAN: AFBPR6704E	Assessment Year 2023-24	Date: 09.12.2024	Din: ITBA/PNL/S/270A/2024- 25/1071219284(1)
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Notice for Penalty under section 274 read with section 270A of the Income-tax Act, 1961

Ms/Mr/M/s,

Whereas in the course of proceedings for the Assessment Year 2023-24, it appears that you have under-reported income which is in consequence of misreporting thereof as per details given in the assessment order.

2. You are required to show cause why an order imposing penalty u/s 270A of the Income-tax Act, 1961 should not be passed.

3. You are required to submit your reply online electronically in 'e-Proceeding' facility through your account in e-filing website (www.incometax.gov.in) by the 00:00 AM of 09/01/2025.

4. In case reply is not submitted, the order shall be passed without the benefit of your explanation."

6. The Ld. AR for the assessee also relied upon the order the coordinate bench in the case of *The DCIT v Ethirajulu Vajravel Kumaran* (ITA No. 1650-1655/Chny/2025 dated 21.10.2025" which reads as under:

68. Now let us examine the final show cause notice issued by the AO on 15.09.2022 which is extracted below for ready reference:

To. ETHIRAJULU VAJRABEL KUMARAN 50A BHAVAJI NAGAR 2ND STREET, CHENGAM ROAD tiruvannamalai 606601, Tamil Nadu India	
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PAN: ALIPK1937H	Assessment Year 2017-18	Din: TBA/PNL/S/270A/2022- 23/1045525846(1)	Dated : 15/09/2022
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Notice under section 274 read with section 270A of the Income Tax Act, 1961

Sir/Madam,

Whereas in the course of proceedings before me for the Assessment Year 2017-18, it appears to me that you have under-reported income which is in consequence of misreporting thereof.



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You are hereby requested to appear before me either personally or through a duly authorised representative at 12:16 PM on 19/09/2022 and show cause why an order imposing a penalty on you should not be made under section 270A of the Income Tax Act, 1961.

If you do not wish to avail yourself of this opportunity of being heard in person or through authorized representative, you may show cause in writing on or before the said date which will be considered before any such order is made section 270A of the Income Tax Act, 1961.”

69. On a careful perusal of the above show cause notice, it is evident that the show-cause notice issued by the AO suffers from a fundamental defect inasmuch as it is vague, uncertain, and lacking in the requisite particulars. The penalty proposed therein is stated to be u/s.270A of the Act, specifically on the ground of “underreporting of income in consequence of misreporting of income” as contemplated under sub-section (9) of section 270A of the Act. It is trite law that where a statute provides for the imposition of a penal liability, the person against whom such liability is sought to be enforced must be informed with clarity and certainty regarding the precise nature of the allegation. The show cause notice is the foundation of the penalty proceedings; therefore, the AO is duty-bound to specify with exactitude the charge alleged against the assessee so that the assessee may effectively meet and rebut the same. A vague or omnibus notice, which merely reproduces the language of the provision without indicating the specific default committed, cannot be sustained in law.

70. In the present case, the impugned notice does not delineate which particular limb or clause of section 270A(9) of the Act is attracted. Sub-section (9) of section 270A of the Act enumerates various instances that amount to “misreporting of income,” such as misrepresentation or suppression of facts, failure to record investments, recording of false entries, or claim of expenditure not substantiated, etc. Each of these instances constitutes a distinct and independent ground, carrying serious penal consequences. It was incumbent upon the AO to state in clear and unambiguous terms which of these specific defaults was being attributed to the assessee, along with the manner in which the ingredients of the alleged default stood satisfied in the facts of the case. The failure to so specify renders the notice fundamentally defective. It deprives the assessee of a fair and reasonable opportunity to defend himself, thereby vitiating the entire penalty proceedings. The requirement of issuing a valid and precise notice is not a mere procedural formality but goes to the very root of jurisdiction for levy of penalty. A defective notice cannot confer valid jurisdiction upon the AO to impose penalty.

71. We find that the Hon’ble Delhi High Court in the case of Prem Brothers Infrastructure LLP v. NFAC & Anr in W.P.(C) 7092/2022 dated 31.05.2022 has observed as under: -

“8. This Court also finds that there is not even a whisper as to which limb of Section 270A of the Act is attracted and how the ingredient of subsection (9) of Section 270A is satisfied. In the absence of such particulars, the mere reference to the word “misreporting” by the Respondents in the penalty order to deny immunity from imposition of penalty and prosecution makes the impugned order manifestly arbitrary.



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9. Consequently, the impugned penalty order dated 28th March, 2022 passed by Respondent No.1 under Section 270A of the Act is quashed and Respondent No.1 is directed to grant immunity under Section 270AA of the Act to the Petitioner.”

72. Further, the Hon’ble Delhi High Court in Schneider Electric South East Asia (HQ) PTE Ltd. Vs. ACIT, International Taxation Circle 3(1)(2), New Delhi and Ors. W.P.(C) No. 5111/2022 vide judgment dated 28.03.2022 observed as under: -

“6. Having perused the impugned order dated 9th March, 2022, this Court is of the view that the Respondents’ action of denying the benefit of immunity on the ground that the penalty was initiated under Section 270A of the Act for misreporting of income is not only erroneous but also arbitrary and bereft of any reason as in the penalty notice the Respondents have failed to specify the limb - "underreporting" or "misreporting" of income, under which the penalty proceedings had been initiated.

7. This Court also finds that there is not even a whisper as to which limb of Section 270A of the Act is attracted and how the ingredient of sub-section (9) of Section 270A is satisfied. In the absence of such particulars, the mere reference to the word "misreporting" by the Respondents in the assessment order to deny immunity from imposition of penalty and prosecution makes the impugned order manifestly arbitrary.

8. This Court is of the opinion that the entire edifice of the assessment order framed by Respondent No.1 was actually voluntary computation of income filed by the Petitioner to buy peace and avoid litigation, which fact has been duly noted and accepted in the assessment order as well and consequently, there is no question of any misreporting.

9. This Court is further of the view that the impugned action of Respondent No.1 is contrary to the avowed Legislative intent of Section 270AA of the Act to encourage/incentivize a taxpayer to (i) fast-track settlement of issue, (ii) recover tax demand; and (iii) reduce protracted litigation.

10. Consequently, the impugned order dated 09th March, 2022 passed by Respondent No.1 under Section 270AA (4) of the Act is set aside and Respondent No.1 is directed to grant immunity under Section 270AA of the Act to the Petitioner.”

73. We find that the similar issue had come up for consideration before the co-ordinate bench of this Tribunal in Prakashchand Jain v. DCIT in ITA No.68/Chny/2024 dated 07.03.2025, wherein following the another decision of the co-ordinate bench of this Tribunal in Enrica Enterprises Pvt. Ltd. in ITA Nos.1166 & 1167/Chny/2023 dated 06.06.2024, it was held as under: -

“9According to us, the assessee should be informed in the show-cause notice with certainty and accuracy of the exact nature of the fault alleged against him. In this case, it has been noted that the impugned notice issued by the Assessing Officer is silent about which limb/clause



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of subsection (9) of section 270A of the Act has been attracted in the facts of the case so as to deserve levy of penalty, and how the ingredients of subsection (9) of section 270A are satisfied. Therefore, the show-cause notice proposing penalty is found to be vague and does not meet the requirement of law to legally impose penalty. Consequently, the levy of penalty is fragile in the eyes of law and is held to be ab initio bad in law.”

74. Respectfully following the precedent laid down by the Hon'ble Delhi High Court in Prem Brothers Infrastructure LLP v. PCIT and Schneider Electric South East Asia (HQ) PTE Ltd v. DCIT, as well as the coordinate bench decisions of this Tribunal in Prakashchand Jain v. ACIT and Enrica Enterprises Pvt. Ltd. v. ACIT, we are of the considered view that the show cause notice dated 15.09.2022 issued by the AO u/s.274 r.w.s 270A of the Act, is ex facie vague and suffers from a fundamental infirmity in law inasmuch as it fails to clearly and specifically delineate the precise charge for which penalty proceedings were initiated. A notice which does not indicate the specific limb or ground under which penalty is proposed to be levied is not only violative of the principles of natural justice but also renders the entire penalty proceedings void ab initio. In the absence of such specificity, the assessee is deprived of an effective opportunity to rebut the charge, thereby vitiating the proceedings. Consequently, the said notice cannot be sustained in law and is hereby quashed. As a corollary, the penalty orders passed by the AO u/s.270A of the Act for the AYs 2017-18 to 2020-21, being consequential in nature, are unsustainable in the eyes of law and are also liable to be set aside. We further note that the CIT(A), having appreciated the aforesaid legal position, has rightly deleted the penalty levied by the AO u/s.270A of the Act for the impugned assessment years. We find no error, infirmity, or perversity in the order so passed by the CIT(A). It is further observed that the omission on the part of the Revenue to raise any specific grounds of appeal assailing the order of the CIT(A) in deleting the penalty on account of defective notices renders the Revenue's entire appeal infructuous. Accordingly, we see no reason to interfere with the order of the CIT(A). In the result, the grounds of appeal raised by the Revenue for the AYs 2017-18 to 2020-21 are devoid of merit and are dismissed. Consequently, all the four appeals of the Revenue in ITA Nos.1651 to 1654/Chny/2025 stands dismissed.

7. The Id. DR for the revenue relied upon the order of the Ld. CIT(A) and contended that there is nothing wrong with the notice which commensurate with the assessment order. Hence, he prayed for dismissal of the captioned appeal.

8. We have carefully considered the rival submissions and perused the order of the Ld.CIT(A). It is observed that the impugned penalty notice dated 09.12.2024, issued under Section 274 read with



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Section 270A of the Income-tax Act, is identical to the notice referred to hereinabove in the case of *DCIT v. Ethirajulu Vajravel Kumaran* (ITA Nos. 1650-1655/Chny/2025, order dated 21.10.2025). We are also adopting the same reasoning as given by the order of the co-ordinate Bench referred supra. Accordingly, we respectfully following the decision of the coordinate bench in the aforesaid case, set aside the impugned penalty notice u/s. 270A of the Act. In view of the same, the penalty levied u/s. 270A is set aside.

9. In the result, appeal filed by the assessee is allowed.

Order pronounced in the open court on the 09th day of April 2026, in Chennai.

Sd/-

(बालकृष्णन एस)

(BALAKRISHNAN S)

लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-

(मनु कुमार गिरि)

(MANU KUMAR GIRI)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 09th April, 2026.

SNDP, Sr. PS

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF