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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ ITA No.4/2019

PRINCIPAL COMMISSIONER OF INCOME TAX-6..... Appellant
Through: Mr.Sanjay Kumar with Mr.Asheesh Jain, Advs.

versus

M/S NARSI IRON & STEEL PVT. LTD., ... Respondent
Through: None

CORAM:
HON'BLE MR. JUSTICE SANJIV KHANNA
HON'BLE MR. JUSTICE ANUP JAIRAM BHAMBHANI

<u>O R D E R</u>

% 11.01.2019

We are not inclined to interfere with the impugned order of the Tribunal affirming deletion of penalty under Section 271E of the Income Tax Act, 1961 (Act) in this case, as the loan in the books of account of the respondent-assessee, M/s. Narsi Iron & Steel Pvt. Ltd., was converted into share application money. This was done by way of a book entry. There was no repayment, the Tribunal has rightly therefore, held that there was no violation of Section 269T of the Act. Even otherwise, the aforesaid transaction/act of the respondent would fall and should be treated as reasonable cause. Section 273B states that no penalty shall be imposable on the person or the assessee for failure referred to in Section 271E if the person/assessee proves there was a reasonable cause for the said failure.

It is not the allegation of the Revenue that the loan amount received was in cash and not by way of cheque or bank instrument. Genuineness of the loan transaction is not disputed.

Recording the aforesaid, the appeal is dismissed.

SANJIV KHANNA, J.

ANUP JAIRAM BHAMBHANI, J.

JANUARY 11, 2019
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