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

\+ ITA 185/2019 & CM Nos.9286-87/2019

PR. COMMISSIONER OFINCOME
TAX -2, DELHI ..... Appellant

Through : Mr. Zoheb Hossain, Sr. Standing Counsel for Revenue.

versus

M/S CLIX CAPITAL SERVICES 'PVT. LTD.
(EARLIER KNOWN AS M/S. GE MONEY
FINANCIAL SERVICES PVT. LTD) ..... Respondent

Through : Mr. Sachit Jolly and Mr. Rohit Garg, Advs.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE PRATEEK JALAN

O R D E R

% **26.02.2019**

The Revenue claims to be aggrieved by the order of the ITAT which held that the penalty was unwarranted in the circumstances of the case. We notice that the CIT(A) had upheld the penalty. What impelled the Revenue to invoke Section 271(1)(c) of the Income Tax Act was the treatment shown by the assessee to debts which it claimed were doubtful. The assessee had contended that the prudential norms of the Reserve Bank of India issued in 1998 bound it to carry the doubtful debts and reflect them as NPAs, in its documents. A similar claim was made towards deduction which was disallowed concurrently in the assessment proceedings. The ITAT noticed that during the intervening period, the decision of the Supreme Court in *Southern Technology Ltd. v. JCIT*, 320 ITR 577 (SC) was rendered and that in these circumstances, it can be said that the law was in a state of flux and levy of penalty was not called for.

Having regard to all these circumstances, the reasoning of the Tribunal is sound and cannot be faulted with. The ITAT's decision on the penalty, therefore does not call for any interference. This appeal is dismissed in the above terms.

S. RAVINDRA BHAT, J

PRATEEK JALAN, J

FEBRUARY 26, 2019

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