IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 27.10.2025

CORAM

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.7771 of 2022
and
W.M.P.Nos.7785 & 7788 of 2022

The Villupuram District Central Co-operative Bank Ltd
Represented by its General Manager, Mr.T.Prabakaran
No.2, Hospital Road,
Villupuram – 605601. ... Petitioner

Vs.

The Deputy Commissioner of Income Tax
National Faceless Assessment Centre,
Room No.401, 2nd Floor, E-Ramp,
Jawaharlal Nehru Stadium,
Delhi – 110003. ... Respondent

Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records on the file of the respondent relating to the impugned order under Section 271(1)(c) dated 15.03.2022 for Assessment Year 2008-09 having DIN: ITBA/PNL/F/271(1)(c)/2021-22/1040804993(1) passed by the respondent and quash the same as illegal.

For Petitioner : Mr.Varun Ranganathan
For Mr.K.Ravi

For Respondent : Mrs.S.Premalatha
Senior Standing Counsel

ORDER

In this Writ Petition, the petitioner has challenged the Order dated 15.03.2022 passed under Section 271(1)(c) of the Income Tax Act, 1961, for the assessment year 2008-2009.

2. By this impugned order, the petitioner has been imposed with a penalty under Section 271(1)(c) of the Income Tax Act, 1961, as detailed below:

Tax on under reported income as it were total income **(X)**	Rs.2,40,46,064/-
Minimum Penalty @ 100% of (X)	**Rs.2,40,46,064/-**
Maximum Penalty @ 300% of (X)	**Rs.7,21,38,192/-**

3. The facts on record reveal that the petitioner had earlier filed a Return of Income on 29.09.2008 for the assessment year 2008-2009. The

same culminated in the Assessment Order dated 28.12.2010 passed under Section 143(3)(ii) of the Income Tax Act, 1961.

4. The petitioner had filed an appeal on 24.01.2011 before the appellate commissioner against the aforesaid Assessment Order dated 28.12.2010. Thereafter, a fresh proceeding was initiated against the petitioner under Section 148 of the Income Tax Act, 1961, by issuing a notice dated 20.03.2014, which culminated in the Assessment Order dated 26.03.2015.

5. Pursuant to the above Assessment Order dated 26.03.2015 passed under Section 143(3) read with Section 147 of the Income Tax Act, 1961, a Notice dated 26.03.2015 under Section 274 read with Section 271 of the Income Tax Act, 1961 was issued to the petitioner.

6. The petitioner, thereafter, challenged the aforesaid Assessment Order dated 26.03.2015 before the CIT (Appeals) under Section 246A of the Income Tax Act, 1961. The Appellate Commissioner, by an Order dated 20.03.2017, rejected the appeal of the petitioner.

7. Under these circumstances, the petitioner approached the Income

Tax Appellate Tribunal, against the Order of the CIT (Appeals) dated 20.03.2017. The Income Tax Appellate Tribunal, by an Order dated 19.06.2017, remitted the case back to the CIT (Appeals) for computation of deduction under Section 36(1)(viia) of the Income Tax Act, 1961 and to pass a fresh order *de novo.*

8. The said order was affirmed by this Court by an Order dated 15.12.2017 in Tax Case Appeal Nos.695 of 2017 etc. batch. Pursuant to which, the Appellate Commissioner passed a fresh order *de novo on* 31.08.2020. The petitioner had thereafter filed an appeal against the said Order dated 31.08.2020 before the Income Tax Appellate Tribunal on 21.10.2020.

9. The Income Tax Appellate Tribunal, by its Order dated 18.10.2023, passed a common order. Insofar as the assessment year 2008-2009 was concerned, the Order dated 31.08.2020 of the appellate commissioner was sustained.

10. Meanwhile, pursuant to the order passed by the CIT (Appeals) on 31.08.2020 for the assessment year 2008-2009, a giving effect order was also

passed by the Assessing Officer on 29.10.2020. The content of which is extracted hereunder:

By giving effect to the Order cited under Ref.No.2 above, the revision Order u/s 250 of the Income Tax Act, 1961, dated 21-03-2017 for the assessment year 2008-09 is revised as under:-

Gross Total Income as arrived in the Appeal Order	: Rs.10,04,87,430/-
Less: Deduction u/s.36(1)(viia) as allowed by the CIT(A) vide his order Cited above	: Rs.11,33,06,946/-
Assessed Loss	: (Rs.1,28,19,516/-)
Tax thereon	: Nil
Less: Pre paid taxes	: Rs.10,14,339/-
Refundable	: Rs.10,14,339/-
Less: Already refunded	: Rs.10,14,339/-
Balance payable	: Nil

11. Despite the same, the petitioner was issued with a notice dated 29.07.2021 in furtherance of the earlier order dated 26.03.2015, followed by another notice dated 13.10.2021. The petitioner had failed to respond to the notice dated 29.07.2021. Eventually, the petitioner filed a reply on 20.10.2021 in response to the notice dated 13.10.2021.

12. There are records to indicate that the Order of the CIT (Appeals)

dated 31.08.2020, which the Appellate Tribunal confirmed by its Order dated 18.10.2023 has been set aside or reversed by the High Court, as the petitioner filed appeal on 04.03.2024 before this Court against the order of Appellate Tribunal dated 18.10.2023.

13. Thus, the imposition of penalty under Section 271(1)(c) of the Income Tax Act, 1961 for the purported failure on the part of the petitioner to furnish particulars of the income correctly cannot be countenanced, as even if the petitioner had furnished inaccurate returns on 29.09.2008 as there are no tax implications flowing from the assessment order passed subsequently in view of the Order of the CIT (Appeals) dated 31.08.2020 and the Order of the Assessing Officer giving effect to the aforesaid Order dated 29.10.2020.

14. Consequently, this Writ Petition deserves to be allowed, and accordingly, the impugned order is quashed and this Writ Petition stands allowed. In view thereof, connected miscellaneous petitions are closed. No costs.

27.10.2025

raja

Neutral Citation : Yes / No

To

The Deputy Commissioner of Income Tax
National Faceless Assessment Centre,
Room No.401, 2nd Floor, E-Ramp,
Jawaharlal Nehru Stadium,
Delhi – 110003.

C.SARAVANAN, J.

raja

W.P.No.7771 of 2022

27.10.2025
(1/4)