IN THE HIGH COURT OF ORISSA AT CUTTACK
W.P.(C) No.33714 of 2026
CNR No. ODHC010797832026

Mohamed Aliman	….	***Petitioner(s)***
		Mr. Jagabandhu Sahoo,
		Sr. Advocate
		assisted by
		Mr. Ronit Ghosh, Advocate
	-versus-	
Assessment Unit, Income Tax Department & Ors.	….	***Opposite Party(S)***
		Mr. Sunil Mishra,
		Standing Counsel
		(for CT & GST Organization)

CORAM:
HON'BLE DR. JUSTICE SANJEEB K PANIGRAHI
HON'BLE MR. JUSTICE MURAHARI SRI RAMAN

ORDER
18.11.2026

Order No.
03.

1. This matter is taken up through hybrid arrangement.

2. The Petitioner has filed this Writ Petition with a prayer to quash the order dated 16.09.2026 passed under Section 271(1)(c) of the Income Tax Act, 1961 ("IT Act", for short) imposing penalty of Rs.10,38,116.00 under annexure-4.

3. The Petitioner, Proprietor of M/s Rani Steel, being an assessee under the IT Act assigned with PAN No.AFOPM3026P filed his return of income for the Assessment Year 2016-17 on 17.10.2017 declaring total income of Rs.23,51,800/-.

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3.1. Alleging suppression of purchase of iron and steel goods during the period from 01.04.2015 to 31.03.2016, reassessment proceedings were initiated against the petitioner by issuing notice dated 22.03.2021 under Section 148 of the IT Act. Thereafter, the assessment came to be completed by order dated 27.03.2022 under Section l47 read with Section l44B of the IT Act, treating the alleged purchase of iron and steel as unexplained purchase in terms of Section 69C of the said Act and determined the income accordingly.

3.2. Being aggrieved by the said order of assessment, the petitioner preferred a statutory appeal under Section 250 of the Act before the Commissioner of Income Tax (Appeals)/ Opposite Party No.2 which was dismissed by the authority concerned *vide* order dated 10th March, 2026.

3.3. Besides this, the assessing officer sought to initiate proceeding contemplating imposition of penalty under Section 271(2)(c) of the IT Act for furnishing inaccurate details in the return.

3.4. The Petitioner filed written reply *vide* Annexure-3 disputing the applicability of provisions of Section 271(1)(c) in the fact-situation of the case. However, an order dated 16th September, 2026 has been passed under Section 271(1)(c) of the IT Act, which is subject matter of challenge in the present writ petition.

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4. It is highlighted by Sri Jagabandhu Sahoo, learned Senior Advocate that the impugned penalty order is vulnerable, having foundational error. The petitioner questions the action of the Assessment Unit, Income Tax Department having imposed the penalty without application of rational and logical mind. It is pointed out by the learned Senior Counsel that although the caption of the impugned order records the name of the present petitioner reflecting PAN AFOPM3026P and the Assessment Year 2016-17, reading of substantive portion of the order *vide* paragraph 3 under the heading "Analysis of issues involved", it is given to understand that the facts do not relate to the case of the petitioner at all.

4.1. Paragraph 3.1 of the impugned order with the heading "description of issue" proceeds on the assumption that the assessee is "Shri Balaram Ragho Katkar", "individual who has not filed his return of income for the Assessment Year 2013-14 relevant to the Financial Year 2012-13 as per the provisions of Section 139 of the IT .Act. 1961" and said "assessee had sold immovable property for sale consideration of Rs.52,97,600/-." It is submitted that on the contrary, the assessment of the petitioner relates to Assessment Year 2016-17 corresponding to the Financial Year 2015-16 and the disputed addition is Rs.33,59,595/- under Section 69C of the IT Act.

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5. On 16.10.2026 when the matter was taken up, Sri Avinash Kedia, learned Junior Standing Counsel appearing for the Income Tax Department sought for an accommodation to obtain instructions and, upon being instructed he conceded that the facts stated by the petitioner are not incorrect.

6. An order of quasi judicial authority containing borrowed facts from another taxpayer proves total non-application of mind and it is a fatal flaw warranting this Court to exercise power under Article 226 of the Constitution of India. Mere error in recording the name would have led this Court take a different view; but here is a case where the context of the order, as pointed out at the Bar, is completely different. A bare perusal of the order dated 16.09.2026, passed by invoking Section 271(2)(c) of the Act, reveals that it is replete with mistakes and errors that cannot be cured, as they are neither arithmetical nor ministerial. The negligence on the part of the authority while passing the impugned order is tell-tale which compelled the assessee to approach this Court invoking extraordinary jurisdiction. The order passed with mechanical application of mind and the pedantic approach of the authority hiding under the umbrella of the "Assessment Unit, Income Tax Department" cannot thus be sustained.

7. In view of the above submissions made by the learned Senior Counsel for the petitioner and upon going through the

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averments made in this petition, this Court sets aside the order dated 16.09.2026 passed under Section 271(1)(c) of the Income Tax Act, 1961 imposing penalty of Rs.10,38,116.00 under annexure-4.

8. It is open for the Assessment Unit, Income Tax Department to proceed with the proceeding initiated invoking Section 271(2)(c) of the IT Act in accordance with law after due intimation and affording opportunity of hearing to the petitioner.

9. The Writ Petition along with pending interlocutory application(s), if any, stands disposed of.

(Dr. Sanjeeb K Panigrahi)
Judge

(Murahari Sri Raman)
Judge

Gitanjali

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