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Present: Mr. Abhishek Maratha, Sr. Standing Counsel for the appellant.
Mr. M.S. Syali, Sr. Advocate with Mr. Mayank Nagi, Adv. for the assessee.

(Common Orders)

+ITA No.89/2011
ITA No.107/2011

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The respondent assessee is a foreign company incorporated in India. It had filed income tax return for the Assessment Years 2002-03 and 2003-04 declaring a total income of ₹2,77,83,950/- and ₹12,19,216/- respectively and offered the same for taxation at special rate of 15% on gross basis as per Double Taxation Avoidance Agreement (in short 'DTAA') between India and U.K. During the assessment proceedings, it transpired that the aforesaid income was at 20% of gross profit. On realization of this mistake, the assessee revised its return and offered and paid the entire income to tax @ 20% on the gross receipts. On the premise that the assessee had made concealment of income by furnishing wrong receipts, the AO initiated penalty proceedings under Section 271(1)(c) of the Income Tax Act and imposed penalty of ₹13,89,197/-.

Though this penalty order was affirmed by the CIT (A), the Income Tax Appellate Tribunal ('the Tribunal' for brevity) has reversed the order and deleted the penalty. Against the order of the Tribunal the instant appeals are preferred.



We find from the order of the Tribunal that the Tribunal has accepted the explanation furnished by the assessee, which led the assessee to believe that the tax was payable @ 15% of the gross receipts. It is also held that on realization of this mistake, the assessee had revised the computation.

In these circumstances, we are of the opinion that no substantial question of law arises. These appeals are accordingly dismissed.

A handwritten signature in black ink, appearing to read 'A.K. Sikri'.

A.K. SIKRI, J.

A handwritten signature in black ink, appearing to read 'Siddharth Mridul'.

SIDDHARTH MRIDUL, J.

SEPTEMBER 14, 2011

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