HIGH COURT OF JUDICATURE FOR RAJASTHAN
AT JODHPUR

D.B. Civil Writ Petition No. 3897/2022
CNR: RJHC010162382022 | URN: CW / 8090U / 2022

Spunwell Syntex Private Ltd, Having Its Registered Office At 1-2, Anand Bazar, Near Railway Crossing, Bhilwara 311001, Rajasthan Through Its Authorized Representative Rishi Parasrampuria S/o Sunil Parasrampuriya, Aged About 42 Years, R/o 118/d, R.k. Colony, Bhilwara, Rajasthan 311001.

----Petitioner

Versus

1. Income Tax Officer, Delhi, National Faceless Assessment Center, Room No. 401, 2Nd Floor, E-Ramp, Jawaharlal Nehru Stadium, Delhi 110003.
2. Income Tax Officer, Ward 1 Bhl, Kawa Khera Chouraha, Bhilwara, Rajasthan 311001

----Respondents

For Petitioner(s)	:	Mr. Prakul Khurana through VC Mr. Rajat Sharma Mr. Karan Pareek for Mr. Sanjay Nahar
For Respondent(s)	:	Mr. K.K. Bissa with Mr. G.S. Chouhan

HON'BLE DR. JUSTICE PUSHPENDRA SINGH BHATI
HON'BLE MR. JUSTICE PRAVEER BHATNAGAR

Judgment

Date of conclusion of arguments:- 18.08.2026

Date on which the judgment was Reserved:- 18.08.2026

Whether the full judgment or only the operative part is pronounced:- Full Judgment

Date of pronouncement:- 25.08.2026

Per: Praveer Bhatnagar, J.

1. Through the instant writ petition, the petitioner challenges the impugned order (Annexure 8), which dismissed the petitioner's request for immunity from penalties arising from the

show-cause notice issued under Section 270A of the Income Tax Act, 1961 (For brevity, hereinafter referred to as the 'Act').

2. The factual matrix is that the petitioner filed its return (Annexure 1) for the Assessment Year 2018-19 and vide Assessment Order dated 24.2.2021 (Annexure 2), the petitioner's claim for deductions under Section 80 of the Act was disallowed. Instead of opting for an appeal, the petitioner deposited the assessed demand and the Assessing Officer issued a notice for penalty under Section 274 read with Section 270A of the Act (Annexure-3). The petitioner filed his response (Annexure 5) and sought immunity under Section 270AA of the Act by duly complying with Form 68.

3. By means of the impugned order dated 13.01.2022 (Annexure-8), the petitioner's prayer for immunity from the imposition of penalty under Section 270A was rejected and an order dated 03.02.2022 (Annexure-10) imposing a penalty was passed.

4. The learned petitioner's counsel submits that the show-cause notice and the impugned order (Annexure 8) lack specific reasons for the alleged misreported income and without providing an opportunity for personal hearing, as mandated under Section 270AA(4), are thus legally infirm. In support of his submissions, he has placed reliance upon the following judgments:

(i) ***G.R. Infraprojects Ltd. v. Assistant Commissioner of Income-tax, [2024] 158 taxmann.com 80 (Rajasthan)***

(ii) ***Chambal Fertilizers and Chemicals Ltd. v. Office of the Principal Commissioner of Income-tax, [2024] 158 taxmann.com 184 (Rajasthan)***

(iii) ***Schneider Electric South East Asia (HQ) PTE Ltd. v. ACIT, [2022] 145 taxmann.com 665***

(iv) ***Prem Brothers Infrastructure LLP v. NFAC, [2022] 142 taxmann.com 38 (Delhi)***

(v) ***CIT Vs Reliance Petroproducts Private Limited [2010] 189 taxmann.com 322***

5. Furthermore, the counsel contends that the impugned order was issued beyond the statutory timeline prescribed in Section 270AA(4) of the Act, which stipulates one month.

6. Per contra, the learned counsel for the respondents defends the impugned order, asserting that under Sub-section (9) of Section 270A of the Act, immunity is not permissible and the Act also prohibits the Assessing Officer (AO) from initiating proceedings concerning an immunity application for "under-reporting of income in consequence of misreporting thereof." Immunity is only available for "under-reporting of income." The learned counsel refers to Section 277AA of the Act.

7. The respondents' counsel further explains that the delay in issuing the order was due to the COVID-19 pandemic and pursuant to Board Notification No. SO 3814(E) dated 17.9.2021, such delay was condoned.

8. Before examining the core issues, it is essential to refer to the relevant provisions of the Act concerning immunity, specifically Sections 270A and 270AA, which are reproduced as follows:

270A. Penalty for under-reporting and misreporting of income:

*(1) **<u>The Assessing Officer or 94[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) or the Principal Commissioner or Commissioner may, during the course of any proceedings under this Act, direct that any person who has under-reported his income shall be liable to pay a penalty in addition to tax, if any, on the under-reported income.</u>***

270AA. Immunity from imposition of penalty, etc.
*(1) **<u>An assessee may make an application to the Assessing Officer to grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C or section 276CC</u>**, if he fulfils the following conditions, namely:—*
(a) the tax and interest payable as per the order of assessment or reassessment under sub-section (3) of
section 143 or section 147, as the case may be, has been paid within the period specified in such
notice of demand; and
(b) no appeal against the order referred to in clause (a) has been filed.
(2) An application referred to in sub-section (1) shall be made within one month from the end of the month in which the order referred to in clause (a) of sub-section (1) has been received and shall be made in such form and verified in such manner as may be prescribed.
*(3) **<u>The Assessing Officer shall, subject to fulfilment of the conditions specified in sub-section (1) and after the expiry of the period of filing the appeal as specified in clause (b) of sub-section (2) of section 249, grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C or section 276CC, where the proceedings for penalty under section 270A has not been initiated under the circumstances referred to in sub-section (9) of the said section 270A.</u>***
(4) The Assessing Officer shall, within a period of 97[three months] from the end of the month in which the
application under sub-section (1) is received, pass an order accepting or rejecting such application:
Provided that no order rejecting the application shall be passed unless the assessee has been given an opportunity of being heard.
(5) The order made under sub-section (4) shall be final.
(6) No appeal under 98[section 246 or] section 246A or an application for revision under section 264 shall be admissible against the order of assessment or reassessment, referred to in clause (a) of sub-section (1), in a case where an order under sub-section (4) has been made accepting the application.

9. Section 270AA of the Income Tax Act, 1961, clearly clarifies issues related to immunity from penalties. Under Section 270(1), taxpayers can seek immunity if their case falls under Section 270A, 276C, or 276CC. Consequently, Section 270AA is specifically intended for filing applications for immunity in these cases. The exemption outlined in section 270AA(3) completely bars the petitioner from seeking immunity for misreporting income, as specified under Section 277A(9) of the Act.

10. Section 270A addresses cases involving under-reported income. Thus, cases involving misreporting of income fall outside the scope of Section 270AA, as confirmed upon examining the applicable provisions.

11. In the present case, the penalty was imposed for 'under-reporting due to misreporting,' aligned with subsection (9) of Section 270A.

12. A show-cause notice issued to the petitioner indicates that, although a specific subcategory of Section 270A(9) was not explicitly mentioned, it refers to the petitioner's case as falling under "under-reporting consequences of misreporting."

13. The Assessing Officer, upon reviewing the provisions of Section 270AA, concluded that the petitioner's case does not fall within the clause of under-reporting but rather falls under under-reporting of income resulting from misreporting, which, as per subsection (9) of Section 270A, excludes it from the immunity clause. The absence of explicit mention of the sub-category in the notice does not, by itself, constitute arbitrariness or violate principles of natural justice. Although the assessment order and penalty proceedings are separate, the petitioner was aware before the initiation of penalty proceedings that the assessing officer explicitly indicated in the assessment order that the petitioner failed to produce accounting records for income derived from its solar plant unit, thereby bringing it within the scope of "under-reporting in consequence of misreporting."

14. The second ground raised by the petitioner that the respondents did not adhere to the one-month timeline stipulated in Section 270(4) of the Act, is also unfounded. Statutory

provisions do not require that immunity applications in cases of income misreporting be decided within this period. Therefore, the department was under no obligation to decide the petitioner's application within the prescribed timeline, and the filing of the petitioner's application seeking exemption is outside the statutory framework.

15. Accordingly, we are not persuaded that the show-cause notice and the impugned order are fraught with illegality warranting judicial quashing.

16. In view of the foregoing discussion, we find no substance in the instant writ petition. The same is, accordingly, dismissed.

17. All pending applications stand disposed of.

(PRAVEER BHATNAGAR),J (DR.PUSHPENDRA SINGH BHATI),J

KP Singh Dewasi