

CHAPTER XXI

PENALTIES IMPOSABLE

Failure to furnish information regarding securities, etc.

270. [Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989.]

³⁵[**Penalty for under-reporting and misreporting of income.**

270A. (1) The Assessing Officer 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.

(2) A person shall be considered to have under-reported his income, if—

- (a) the income assessed is greater than the income determined in the return processed under clause (a) of sub-section (1) of [section 143](#);
- (b) the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished;
- (c) the income reassessed is greater than the income assessed or reassessed immediately before such reassessment;
- (d) the amount of deemed total income assessed or reassessed as per the provisions of [section 115JB](#) or [section 115JC](#), as the case may be, is greater than the deemed total income determined in the return processed under clause (a) of sub-section (1) of [section 143](#);
- (e) the amount of deemed total income assessed as per the provisions of [section 115JB](#) or [section 115JC](#) is greater than the maximum amount not chargeable to tax, where no return of income has been filed;
- (f) the amount of deemed total income reassessed as per the provisions of [section 115JB](#) or [section 115JC](#), as the case may be, is greater than the deemed total income assessed or reassessed immediately before such reassessment;
- (g) the income assessed or reassessed has the effect of reducing the loss or converting such loss into income.

(3) The amount of under-reported income shall be,—

- (i) in a case where income has been assessed for the first time,—
 - (a) if return has been furnished, the difference between the amount of income assessed and the amount of income determined under clause (a) of sub-section (1) of [section 143](#);
 - (b) in a case where no return has been furnished,—
 - (A) the amount of income assessed, in the case of a company, firm or local authority; and
 - (B) the difference between the amount of income assessed and the maximum amount not chargeable to tax, in a case not covered in item (A);

- (ii) in any other case, the difference between the amount of income reassessed or recomputed and the amount of income assessed, reassessed or recomputed in a preceding order:

Provided that where under-reported income arises out of determination of deemed total income in accordance with the provisions of [section 115JB](#) or [section 115JC](#), the amount of total under-reported income shall be determined in accordance with the following formula—

$$(A - B) + (C - D)$$

where,

A = the total income assessed as per the provisions other than the provisions contained in [section 115JB](#) or [section 115JC](#) (herein called general provisions);

B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of under-reported income;

C = the total income assessed as per the provisions contained in [section 115JB](#) or [section 115JC](#);

D = the total income that would have been chargeable had the total income assessed as per the provisions contained in [section 115JB](#) or [section 115JC](#) been reduced by the amount of under-reported income:

Provided further that where the amount of under-reported income on any issue is considered both under the provisions contained in [section 115JB](#) or [section 115JC](#) and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item *D*.

Explanation.—For the purposes of this section,—

- (a) "preceding order" means an order immediately preceding the order during the course of which the penalty under sub-section (1) has been initiated;
- (b) in a case where an assessment or reassessment has the effect of reducing the loss declared in the return or converting that loss into income, the amount of under-reported income shall be the difference between the loss claimed and the income or loss, as the case may be, assessed or reassessed.

(4) Subject to the provisions of sub-section (6), where the source of any receipt, deposit or investment in any assessment year is claimed to be an amount added to income or deducted while computing loss, as the case may be, in the assessment of such person in any year prior to the assessment year in which such receipt, deposit or investment appears (hereinafter referred to as "preceding year") and no penalty was levied for such preceding year, then, the under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment.

(5) The amount referred to in sub-section (4) shall be deemed to be amount of income under-reported for the preceding year in the following order—

- (a) the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year; and
- (b) where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on.

(6) The under-reported income, for the purposes of this section, shall not include the following, namely:—

- (a) the amount of income in respect of which the assessee offers an explanation and the Assessing Officer or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, is satisfied that the explanation is *bona fide* and the assessee has disclosed all the material facts to substantiate the explanation offered;
 - (b) the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Assessing Officer or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, but the method employed is such that the income cannot properly be deduced therefrom;
 - (c) the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount of addition or disallowance on the same issue, has included such amount in the computation of his income and has disclosed all the facts material to the addition or disallowance;
 - (d) the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under [section 92D](#), declared the international transaction under Chapter X, and, disclosed all the material facts relating to the transaction; and
 - (e) the amount of undisclosed income referred to in [section 271AAB](#).
- (7) The penalty referred to in sub-section (1) shall be a sum equal to fifty per cent of the amount of tax payable on under-reported income.
- (8) Notwithstanding anything contained in sub-section (6) or sub-section (7), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in sub-section (1) shall be equal to two hundred per cent of the amount of tax payable on under-reported income.
- (9) The cases of misreporting of income referred to in sub-section (8) shall be the following, namely:—
- (a) misrepresentation or suppression of facts;
 - (b) failure to record investments in the books of account;
 - (c) claim of expenditure not substantiated by any evidence;
 - (d) recording of any false entry in the books of account;
 - (e) failure to record any receipt in books of account having a bearing on total income; and
 - (f) failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply.
- (10) The tax payable in respect of the under-reported income shall be—
- (a) where no return of income has been furnished and the income has been assessed for the first time, the amount of tax calculated on the under-reported income as increased by the maximum amount not chargeable to tax as if it were the total income;
 - (b) where the total income determined under clause (a) of sub-section (1) of [section 143](#) or assessed, reassessed or recomputed in a preceding order is a loss, the amount of tax calculated on the under-reported income as if it were the total income;
 - (c) in any other case, determined in accordance with the formula—
($X - Y$)

where,

X = the amount of tax calculated on the under-reported income as increased by the total income determined under clause (a) of sub-section (1) of [section 143](#) or total income assessed, reassessed or recomputed in a preceding order as if it were the total income; and

Y = the amount of tax calculated on the total income determined under clause (a) of sub-section (1) of [section 143](#) or total income assessed, reassessed or recomputed in a preceding order.

(11) No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other assessment year.

(12) The penalty referred to in sub-section (1) shall be imposed, by an order in writing, by the Assessing Officer, the Commissioner (Appeals), the Commissioner or the Principal Commissioner, as the case may be.]

Section - 270AA, Income-tax Act, 1961-2018

³⁶**[Immunity from imposition of penalty, etc.**

270AA. (1) 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](#), 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.³⁷

(3) 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](#).

(4) The Assessing Officer shall, within a period of one month 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 [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.]

Failure to furnish returns, comply with notices, concealment of income, etc.

271. (1) If the Assessing Officer or the Commissioner (Appeals) or the Principal Commissioner or Commissioner in the course of any proceedings under this Act, is satisfied that any person—

- (a) [***]
- (b) has failed to comply with a notice under sub-section (2) of [section 115WD](#) or under sub-section (2) of [section 115WE](#) or under sub-section (1) of [section 142](#) or sub-section (2) of [section 143](#) or fails to comply with a direction issued under sub-section (2A) of [section 142](#), or
- (c) has concealed the particulars of his income or furnished inaccurate particulars of such income, or
- (d) has concealed the particulars of the fringe benefits or furnished inaccurate particulars of such fringe benefits,

he may direct that such person shall pay by way of penalty,—

- (i) [***]
- (ii) in the cases referred to in clause (b), in addition to tax, if any, payable by him, a sum of ten thousand rupees for each such failure ;
- (iii) in the cases referred to in clause (c) or clause (d), in addition to tax, if any, payable by him, a sum which shall not be less than, but which shall not exceed three times, the amount of tax sought to be evaded by reason of the concealment of particulars of his income or fringe benefits or the furnishing of inaccurate particulars of such income or fringe benefits.

Explanation 1.—Where in respect of any facts material to the computation of the total income of any person under this Act,—

- (A) such person fails to offer an explanation or offers an explanation which is found by the Assessing Officer or the Commissioner (Appeals) or the Principal Commissioner or Commissioner to be false, or
- (B) such person offers an explanation which he is not able to substantiate and fails to prove that such explanation is *bona fide* and that all the facts relating to the same and material to the computation of his total income have been disclosed by him,

then, the amount added or disallowed in computing the total income of such person as a result thereof shall, for the purposes of clause (c) of this sub-section, be deemed to represent the income in respect of which particulars have been concealed.

Explanation 2.—Where the source of any receipt, deposit, outgoing or investment in any assessment year is claimed by any person to be an amount which had been added in computing the income or deducted in computing the loss in the assessment of such person for any earlier assessment year or years but in respect of which no penalty under clause (iii) of this sub-section had been levied, that part of the amount so added or deducted in such earlier assessment year immediately preceding the year in which the receipt, deposit, outgoing or investment appears (such earlier assessment year hereafter in this *Explanation* referred to as the first preceding year) which is sufficient to cover the amount represented by such receipt, deposit or outgoing or value of such investment (such amount or value hereafter in this *Explanation* referred to as the utilised amount) shall be treated as the income of the assessee, particulars of which had been concealed or inaccurate particulars of which had been furnished for the first preceding year; and where the amount so added or deducted in the first preceding year is not sufficient to

cover the utilised amount, that part of the amount so added or deducted in the year immediately preceding the first preceding year which is sufficient to cover such part of the utilised amount as is not so covered shall be treated to be the income of the assessee, particulars of which had been concealed or inaccurate particulars of which had been furnished for the year immediately preceding the first preceding year and so on, until the entire utilised amount is covered by the amounts so added or deducted in such earlier assessment years.

Explanation 3.—Where any person fails, without reasonable cause, to furnish within the period specified in sub-section (1) of [section 153](#) a return of his income which he is required to furnish under [section 139](#) in respect of any assessment year commencing on or after the 1st day of April, 1989, and until the expiry of the period aforesaid, no notice has been issued to him under clause (i) of sub-section (1) of [section 142](#) or [section 148](#) and the Assessing Officer or the Commissioner (Appeals) is satisfied that in respect of such assessment year such person has taxable income, then, such person shall, for the purposes of clause (c) of this sub-section, be deemed to have concealed the particulars of his income in respect of such assessment year, notwithstanding that such person furnishes a return of his income at any time after the expiry of the period aforesaid in pursuance of a notice under [section 148](#).

Explanation 4.—For the purposes of clause (iii) of this sub-section,—

- (a) the amount of tax sought to be evaded shall be determined in accordance with the following formula—

$$(A - B) + (C - D)$$

where,

A = amount of tax on the total income assessed as per the provisions other than the provisions contained in [section 115JB](#) or [section 115JC](#) (herein called general provisions);

B = amount of tax that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished;

C = amount of tax on the total income assessed as per the provisions contained in [section 115JB](#) or [section 115JC](#);

D = amount of tax that would have been chargeable had the total income assessed as per the provisions contained in [section 115JB](#) or [section 115JC](#) been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished:

Provided that where the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished on any issue is considered both under the provisions contained in [section 115JB](#) or [section 115JC](#) and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item *D* :

Provided further that in a case where the provisions contained in [section 115JB](#) or [section 115JC](#) are not applicable, the item (*C - D*) in the formula shall be ignored;

- (b) where in any case the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished has the effect of reducing the loss declared in the return or converting that loss into income, the amount of tax sought to be evaded shall be determined in accordance with the formula specified in clause (a) with the modification that the amount to be determined for item (*A - B*) in that formula shall be the amount of tax that would have been chargeable on the income in

respect of which particulars have been concealed or inaccurate particulars have been furnished had such income been the total income;

- (c) where in any case to which *Explanation 3* applies, the amount of tax sought to be evaded shall be the tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self-assessment tax paid before the issue of notice under [section 148](#).

Explanation 5.—Where in the course of a search initiated under [section 132](#) before the 1st day of June, 2007, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article or thing (hereafter in this *Explanation* referred to as assets) and the assessee claims that such assets have been acquired by him by utilising (wholly or in part) his income,—

- (a) for any previous year which has ended before the date of the search, but the return of income for such year has not been furnished before the said date or, where such return has been furnished before the said date, such income has not been declared therein ; or
- (b) for any previous year which is to end on or after the date of the search,

then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income, unless,—

- (1) such income is, or the transactions resulting in such income are recorded,—
- (i) in a case falling under clause (a), before the date of the search; and
- (ii) in a case falling under clause (b), on or before such date,

in the books of account, if any, maintained by him for any source of income or such income is otherwise disclosed to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner before the said date ; or

- (2) he, in the course of the search, makes a statement under sub-section (4) of [section 132](#) that any money, bullion, jewellery or other valuable article or thing found in his possession or under his control, has been acquired out of his income which has not been disclosed so far in his return of income to be furnished before the expiry of time specified in sub-section (1) of [section 139](#), and also specifies in the statement the manner in which such income has been derived and pays the tax, together with interest, if any, in respect of such income.

Explanation 5A.— Where, in the course of a search initiated under [section 132](#) on or after the 1st day of June, 2007, the assessee is found to be the owner of—

- (i) any money, bullion, jewellery or other valuable article or thing (hereafter in this *Explanation* referred to as assets) and the assessee claims that such assets have been acquired by him by utilising (wholly or in part) his income for any previous year; or
- (ii) any income based on any entry in any books of account or other documents or transactions and he claims that such entry in the books of account or other documents or transactions represents his income (wholly or in part) for any previous year,

which has ended before the date of search and,—

- (a) where the return of income for such previous year has been furnished before the said date but such income has not been declared therein; or
- (b) the due date for filing the return of income for such previous year has expired but the assessee has not filed the return,

then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income.

Explanation 6.—Where any adjustment is made in the income or loss declared in the return under the proviso to clause (a) of sub-section (1) of [section 143](#) and additional tax charged under that section, the provisions of this sub-section shall not apply in relation to the adjustment so made.

Explanation 7.—Where in the case of an assessee who has entered into an international transaction or specified domestic transaction defined in [section 92B](#), any amount is added or disallowed in computing the total income under sub-section (4) of [section 92C](#), then, the amount so added or disallowed shall, for the purposes of clause (c) of this sub-section, be deemed to represent the income in respect of which particulars have been concealed or inaccurate particulars have been furnished, unless the assessee proves to the satisfaction of the Assessing Officer or the Commissioner (Appeals) or the Principal Commissioner or Commissioner that the price charged or paid in such transaction was computed in accordance with the provisions contained in [section 92C](#) and in the manner prescribed under that section, in good faith and with due diligence.

(1A) Where any penalty is imposable by virtue of *Explanation 2* to sub-section (1), proceedings for the imposition of such penalty may be initiated notwithstanding that any proceedings under this Act in the course of which such penalty proceedings could have been initiated under sub-section (1) have been completed.

(1B) Where any amount is added or disallowed in computing the total income or loss of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under clause (c) of sub-section (1), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under the said clause (c).

(2) When the person liable to penalty is a registered firm or an unregistered firm which has been assessed under clause (b) of [section 183](#), then notwithstanding anything contained in the other provisions of this Act, the penalty imposable under sub-section (1) shall be the same amount as would be imposable on that firm if that firm were an unregistered firm.

(3) [Omitted by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989.]

(4) If the Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Act, is satisfied that the profits of a registered firm have been distributed otherwise than in accordance with the shares of the partners as shown in the instrument of partnership on the basis of which the firm has been registered under this Act, and that any partner has thereby returned his income below its real amount, he may direct that such partner shall, in addition to the tax, if any, payable by him, pay by way of penalty a sum not exceeding one and a half times the amount of tax which has been avoided, or would have been avoided if the income returned by such partner had been accepted as his correct income; and no refund or other adjustment shall be claimable by any other partner by reason of such direction.

(4A) and (4B) [Omitted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-10-1975. Original sub-sections (4A) and (4B) were inserted by the Income-tax (Amendment) Act, 1965, w.e.f. 12-3-1965. Later on sub-section (4A) was substituted by the Taxation Laws (Amendment) Act, 1970, w.e.f. 1-4-1971.]

(5) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1989 shall apply to and in relation to any assessment for

the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year and references in this section to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.

(6) Any reference in this section to the income shall be construed as a reference to the income or fringe benefits, as the case may be, and the provisions of this section shall, as far as may be, apply in relation to any assessment in respect of fringe benefits also.

³⁸[(7) The provisions of this section shall not apply to and in relation to any assessment for the assessment year commencing on or after the 1st day of April, 2017.]

Section - 271A, Income-tax Act, 1961-2018

Failure to keep, maintain or retain books of account, documents, etc.

271A. Without prejudice to the provisions of ³⁹[[section 270A](#) or] [section 271](#), if any person fails to keep and maintain any such books of account and other documents as required by [section 44AA](#) or the rules made thereunder, in respect of any previous year or to retain such books of account and other documents for the period specified in the said rules, the Assessing Officer or the Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum of twenty-five thousand rupees.

Section - 271AA, Income-tax Act, 1961-2018

Penalty for failure to keep and maintain information and document, etc., in respect of certain transactions.

271AA. ⁴⁰[(1)] Without prejudice to the provisions of ⁴⁰[[section 270A](#) or] [section 271](#) or [section 271BA](#), if any person in respect of an international transaction or specified domestic transaction,—

- (i) fails to keep and maintain any such information and document as required by sub-section (1) or sub-section (2) of [section 92D](#);
- (ii) fails to report such transaction which he is required to do so; or
- (iii) maintains or furnishes an incorrect information or document,

the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to two per cent of the value of each international transaction or specified domestic transaction entered into by such person.

⁴¹[(2) If any person fails to furnish the information and the document as required under sub-section (4) of [section 92D](#), the prescribed income-tax authority referred to in the said sub-section may direct that such person shall pay, by way of penalty, a sum of five hundred thousand rupees.]

Section - 271AAA, Income-tax Act, 1961-2018

Penalty where search has been initiated.

271AAA. (1) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated under [section 132](#) on

or after the 1st day of June, 2007 but before the 1st day of July, 2012, the assessee shall pay by way of penalty, in addition to tax, if any, payable by him, a sum computed at the rate of ten per cent of the undisclosed income of the specified previous year.

(2) Nothing contained in sub-section (1) shall apply if the assessee,—

- (i) in the course of the search, in a statement under sub-section (4) of [section 132](#), admits the undisclosed income and specifies the manner in which such income has been derived;
- (ii) substantiates the manner in which the undisclosed income was derived; and
- (iii) pays the tax, together with interest, if any, in respect of the undisclosed income.

(3) No penalty under the provisions of clause (c) of sub-section (1) of [section 271](#) shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (1).

(4) The provisions of [sections 274](#) and [275](#) shall, so far as may be, apply in relation to the penalty referred to in this section.

Explanation.—For the purposes of this section,—

(a) "undisclosed income" means—

(i) any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under [section 132](#), which has—

(A) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year; or

(B) otherwise not been disclosed to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner before the date of search; or

(ii) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted;

(b) "specified previous year" means the previous year—

(i) which has ended before the date of search, but the date of filing the return of income under sub-section (1) of [section 139](#) for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the said date; or

(ii) in which search was conducted.

Section - 271AAB, Income-tax Act, 1961-2018

Penalty where search has been initiated.

271AAB. (1) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated under [section 132](#) on or after the 1st day of July, 2012 ⁴²[but before the date on which the Taxation Laws (Second

Amendment) Bill, 2016 receives the assent of the President], the assessee shall pay by way of penalty, in addition to tax, if any, payable by him,—

- (a) a sum computed at the rate of ten per cent of the undisclosed income of the specified previous year, if such assessee—
 - (i) in the course of the search, in a statement under sub-section (4) of [section 132](#), admits the undisclosed income and specifies the manner in which such income has been derived;
 - (ii) substantiates the manner in which the undisclosed income was derived; and
 - (iii) on or before the specified date—
 - (A) pays the tax, together with interest, if any, in respect of the undisclosed income; and
 - (B) furnishes the return of income for the specified previous year declaring such undisclosed income therein;
- (b) a sum computed at the rate of twenty per cent of the undisclosed income of the specified previous year, if such assessee—
 - (i) in the course of the search, in a statement under sub-section (4) of [section 132](#), does not admit the undisclosed income; and
 - (ii) on or before the specified date—
 - (A) declares such income in the return of income furnished for the specified previous year; and
 - (B) pays the tax, together with interest, if any, in respect of the undisclosed income;
- (c) a sum ⁴³[computed at the rate of sixty per cent] of the undisclosed income of the specified previous year, if it is not covered by the provisions of clauses (a) and (b).

⁴⁴[(1A) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated under [section 132](#) on or after the date on which the Taxation Laws (Second Amendment) Bill, 2016 receives the assent of the President, the assessee shall pay by way of penalty, in addition to tax, if any, payable by him,—

- (a) a sum computed at the rate of thirty per cent of the undisclosed income of the specified previous year, if the assessee—
 - (i) in the course of the search, in a statement under sub-section (4) of [section 132](#), admits the undisclosed income and specifies the manner in which such income has been derived;
 - (ii) substantiates the manner in which the undisclosed income was derived; and
 - (iii) on or before the specified date—
 - (A) pays the tax, together with interest, if any, in respect of the undisclosed income; and
 - (B) furnishes the return of income for the specified previous year declaring such undisclosed income therein;
- (b) a sum computed at the rate of sixty per cent of the undisclosed income of the specified previous year, if it is not covered under the provisions of clause (a).]

(2) No penalty under the provisions of ⁴⁵[[section 270A](#) or] clause (c) of sub-section (1) of [section 271](#) shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (1) ^{45a}[or sub-section (1A)].

(3) The provisions of [sections 274](#) and [275](#) shall, as far as may be, apply in relation to the penalty referred to in this section.

Explanation.—For the purposes of this section,—

- (a) "specified date" means the due date of furnishing of return of income under sub-section (1) of [section 139](#) or the date on which the period specified in the notice issued under [section 153A](#) for furnishing of return of income expires, as the case may be;
- (b) "specified previous year" means the previous year—
 - (i) which has ended before the date of search, but the date of furnishing the return of income under sub-section (1) of [section 139](#) for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the date of search; or
 - (ii) in which search was conducted;
- (c) "undisclosed income" means—
 - (i) any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under [section 132](#), which has—
 - (A) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year; or
 - (B) otherwise not been disclosed to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner before the date of search; or
 - (ii) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted.

Section - 271AAC, Income-tax Act, 1961-2018

⁴⁶**Penalty in respect of certain income.**

271AAC. (1) The Assessing Officer may, notwithstanding anything contained in this Act other than the provisions of [section 271AAB](#), direct that, in a case where the income determined includes any income referred to in [section 68](#), [section 69](#), [section 69A](#), [section 69B](#), [section 69C](#) or [section 69D](#) for any previous year, the assessee shall pay by way of penalty, in addition to tax payable under [section 115BBE](#), a sum computed at the rate of ten per cent of the tax payable under clause (i) of sub-section (1) of [section 115BBE](#):

Provided that no penalty shall be levied in respect of income referred to in [section 68](#), [section 69](#), [section 69A](#), [section 69B](#), [section 69C](#) or [section 69D](#) to the extent such income has been included by the assessee in the return of income furnished under [section 139](#) and the tax in

accordance with the provisions of clause (i) of sub-section (1) of [section 115BBE](#) has been paid on or before the end of the relevant previous year.

(2) No penalty under the provisions of [section 270A](#) shall be imposed upon the assessee in respect of the income referred to in sub-section (1).

(3) The provisions of [sections 274](#) and [275](#) shall, as far as may be, apply in relation to the penalty referred to in this section.]

Section - 271B, Income-tax Act, 1961-2018

Failure to get accounts audited.

271B. If any person fails to get his accounts audited in respect of any previous year or years relevant to an assessment year or furnish a report of such audit as required under [section 44AB](#), the Assessing Officer may direct that such person shall pay, by way of penalty, a sum equal to one-half per cent of the total sales, turnover or gross receipts, as the case may be, in business, or of the gross receipts in profession, in such previous year or years or a sum of one hundred fifty thousand rupees, whichever is less.

Section - 271BA, Income-tax Act, 1961-2018

Penalty for failure to furnish report under [section 92E](#).

271BA. If any person fails to furnish a report from an accountant as required by [section 92E](#), the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one hundred thousand rupees.

Section - 271BB, Income-tax Act, 1961-2018

Failure to subscribe to the eligible issue of capital.

271BB. Whoever fails to subscribe any amount of subscription to the units issued under any scheme referred to in sub-section (1) of [section 88A](#) to the eligible issue of capital under that sub-section within the period of six months specified therein, may be directed by the Joint Commissioner to pay, by way of penalty, a sum equal to twenty per cent of such amount.

Section - 271C, Income-tax Act, 1961-2018

Penalty for failure to deduct tax at source.

271C. (1) If any person fails to—

- (a) deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or
- (b) pay the whole or any part of the tax as required by or under—
 - (i) sub-section (2) of [section 115-O](#); or

(ii) the second proviso to [section 194B](#),

then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay as aforesaid.

(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.

Section - 271CA, Income-tax Act, 1961-2018

Penalty for failure to collect tax at source.

271CA. (1) If any person fails to collect the whole or any part of the tax as required by or under the provisions of Chapter XVII-BB, then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to collect as aforesaid.

(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.

Section - 271D, Income-tax Act, 1961-2018

Penalty for failure to comply with the provisions of [section 269SS](#).

271D. (1) If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of [section 269SS](#), he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified sum so taken or accepted.

(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.

Section - 271DA, Income-tax Act, 1961-2018

⁴⁷**Penalty for failure to comply with provisions of [section 269ST](#).**

271DA. (1) If a person receives any sum in contravention of the provisions of [section 269ST](#), he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt:

Provided that no penalty shall be imposable if such person proves that there were good and sufficient reasons for the contravention.

(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.]

Section - 271E, Income-tax Act, 1961-2018

Penalty for failure to comply with the provisions of [section 269T](#).

271E. (1) If a person repays any loan or deposit or specified advance referred to in [section 269T](#) otherwise than in accordance with the provisions of that section, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified advance so repaid.

(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.

Section - 271F, Income-tax Act, 1961-2018

Penalty for failure to furnish return of income.

271F. If a person who is required to furnish a return of his income, as required under sub-section (1) of [section 139](#) or by the provisos to that sub-section, fails to furnish such return before the end of the relevant assessment year, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of five thousand rupees:

⁴⁸**[Provided that nothing contained in this section shall apply to and in relation to the return of income required to be furnished for any assessment year commencing on or after the 1st day of April, 2018.]**

Section - 271FA, Income-tax Act, 1961-2018

Penalty for failure to furnish statement of financial transaction or reportable account.

271FA. If a person who is required to furnish a statement of financial transaction or reportable account under sub-section (1) of [section 285BA](#), fails to furnish such statement within the time prescribed under sub-section (2) thereof, the income-tax authority prescribed under said sub-section (1) may direct that such person shall pay, by way of penalty, a sum of ⁴⁹[five] hundred rupees for every day during which such failure continues:

Provided that where such person fails to furnish the statement within the period specified in the notice issued under sub-section (5) of [section 285BA](#), he shall pay, by way of penalty, a sum of ⁵⁰[one thousand] rupees for every day during which the failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the statement expires.

Section - 271FAA, Income-tax Act, 1961-2018

Penalty for furnishing inaccurate statement of financial transaction or reportable account.

271FAA. If a person referred to in clause (k) of sub-section (1) of [section 285BA](#), who is required to furnish a statement under that section, provides inaccurate information in the statement, and where—

- (a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of [section 285BA](#) or is deliberate on the part of that person; or
- (b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or
- (c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of [section 285BA](#),

then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

Section - 271FAB, Income-tax Act, 1961-2018

Penalty for failure to furnish statement or information or document by an eligible investment fund.

271FAB. If any eligible investment fund which is required to furnish a statement or any information or document, as required under sub-section (5) of [section 9A](#) fails to furnish such statement or information or document within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such fund shall pay, by way of penalty, a sum of five hundred thousand rupees.

Section - 271FB, Income-tax Act, 1961-2018

Penalty for failure to furnish return of fringe benefits.

271FB. If an employer, who is required to furnish a return of fringe benefits, as required under sub-section (1) of [section 115WD](#), fails to furnish such return within the time prescribed under that sub-section, the Assessing Officer may direct that such employer shall pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues.

Section - 271G, Income-tax Act, 1961-2018

Penalty for failure to furnish information or document under [section 92D](#).

271G. If any person who has entered into an international transaction or specified domestic transaction fails to furnish any such information or document as required by sub-section (3) of [section 92D](#), the Assessing Officer or the Transfer Pricing Officer as referred to in [section 92CA](#) or the Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to two per cent of the value of the international transaction or specified domestic transaction for each such failure.

Section - 271GA, Income-tax Act, 1961-2018

Penalty for failure to furnish information or document under [section 285A](#).

271GA. If any Indian concern, which is required to furnish any information or document under [section 285A](#), fails to do so, the income-tax authority, as may be prescribed under the said section, may direct that such Indian concern shall pay, by way of penalty,—

- (i) a sum equal to two per cent of the value of the transaction in respect of which such failure has taken place, if such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern;
- (ii) a sum of five hundred thousand rupees in any other case.

⁵¹[**Penalty for failure to furnish report or for furnishing inaccurate report under [section 286](#).**

271GB. (1) If any reporting entity referred to in [section 286](#), which is required to furnish the report referred to in sub-section (2) of the said section, in respect of a reporting accounting year, fails to do so, the authority prescribed under that section (herein referred to as prescribed authority) may direct that such entity shall pay, by way of penalty, a sum of,—

- (a) five thousand rupees for every day for which the failure continues, if the period of failure does not exceed one month; or
- (b) fifteen thousand rupees for every day for which the failure continues beyond the period of one month.

(2) Where any reporting entity referred to in [section 286](#) fails to produce the information and documents within the period allowed under sub-section (6) of the said section, the prescribed authority may direct that such entity shall pay, by way of penalty, a sum of five thousand rupees for every day during which the failure continues, beginning from the day immediately following the day on which the period for furnishing the information and document expires.

(3) If the failure referred to in sub-section (1) or sub-section (2) continues after an order has been served on the entity, directing it to pay the penalty under sub-section (1) or, as the case may be, under sub-section (2), then, notwithstanding anything contained in sub-section (1) or sub-section (2), the prescribed authority may direct that such entity shall pay, by way of penalty, a sum of fifty thousand rupees for every day for which such failure continues beginning from the date of service of such order.

(4) Where a reporting entity referred to in [section 286](#) provides inaccurate information in the report furnished in accordance with sub-section (2) of the said section and where—

- (a) the entity has knowledge of the inaccuracy at the time of furnishing the report but fails to inform the prescribed authority; or
- (b) the entity discovers the inaccuracy after the report is furnished and fails to inform the prescribed authority and furnish correct report within a period of fifteen days of such discovery; or
- (c) the entity furnishes inaccurate information or document in response to the notice issued under sub-section (6) of [section 286](#),

then, the prescribed authority may direct that such person shall pay, by way of penalty, a sum of five lakh rupees.]

Penalty for failure to furnish statements, etc.

271H. (1) Without prejudice to the provisions of the Act, the Assessing Officer may direct that a person shall pay by way of penalty, if, he—

- (a) fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of [section 200](#) or the proviso to sub-section (3) of [section 206C](#); or
- (b) furnishes incorrect information in the statement which is required to be delivered or caused to be delivered under sub-section (3) of [section 200](#) or the proviso to sub-section (3) of [section 206C](#).

(2) The penalty referred to in sub-section (1) shall be a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.

(3) Notwithstanding anything contained in the foregoing provisions of this section, no penalty shall be levied for the failure referred to in clause (a) of sub-section (1), if the person proves that after paying tax deducted or collected along with the fee and interest, if any, to the credit of the Central Government, he had delivered or cause to be delivered the statement referred to in sub-section (3) of [section 200](#) or the proviso to sub-section (3) of [section 206C](#) before the expiry of a period of one year from the time prescribed for delivering or causing to be delivered such statement.

(4) The provisions of this section shall apply to a statement referred to in sub-section (3) of [section 200](#) or the proviso to sub-section (3) of [section 206C](#) which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.

Section - 271-I, Income-tax Act, 1961-2018

Penalty for failure to furnish information or furnishing inaccurate information under [section 195](#).

271-I. If a person, who is required to furnish information under sub-section (6) of [section 195](#), fails to furnish such information, or furnishes inaccurate information, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one lakh rupees.

Section - 271J, Income-tax Act, 1961-2018

⁵²**[Penalty for furnishing incorrect information in reports or certificates.**

271J. Without prejudice to the provisions of this Act, where the Assessing Officer or the Commissioner (Appeals), in the course of any proceedings under this Act, finds that an accountant or a merchant banker or a registered valuer has furnished incorrect information in any report or certificate furnished under any provision of this Act or the rules made thereunder, the Assessing Officer or the Commissioner (Appeals) may direct that such accountant or merchant banker or registered valuer, as the case may be, shall pay, by way of penalty, a sum of ten thousand rupees for each such report or certificate.

Explanation.—For the purposes of this section,—

- (a) "accountant" means an accountant referred to in the *Explanation* below sub-section (2) of [section 288](#);
- (b) "merchant banker" means Category I merchant banker registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (c) "registered valuer" means a person defined in clause (oaa) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).]

Failure to give notice of discontinuance.

272. [Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989.]

Penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.

272A. (1) If any person,—

- (a) being legally bound to state the truth of any matter touching the subject of his assessment, refuses to answer any question put to him by an income-tax authority in the exercise of its powers under this Act; or
- (b) refuses to sign any statement made by him in the course of any proceedings under this Act, which an income-tax authority may legally require him to sign; or
- (c) to whom a summons is issued under sub-section (1) of [section 131](#) either to attend to give evidence or produce books of account or other documents at a certain place and time omits to attend or produce books of account or documents at the ⁵³[place or time; or]
- ⁵⁴[(d) fails to comply with a notice under sub-section (1) of [section 142](#) or sub-section (2) of [section 143](#) or fails to comply with a direction issued under sub-section (2A) of [section 142](#),]

he shall pay, by way of penalty, a sum of ten thousand rupees for each such default or failure.

(2) If any person fails—

- (a) to comply with a notice issued under sub-section (6) of [section 94](#); or
- (b) to give the notice of discontinuance of his business or profession as required by sub-section (3) of [section 176](#); or
- (c) to furnish in due time any of the returns, statements or particulars mentioned in [section 133](#) or [section 206](#) or [section 206C](#) or [section 285B](#); or
- (d) to allow inspection of any register referred to in [section 134](#) or of any entry in such register or to allow copies of such register or of any entry therein to be taken; or
- (e) to furnish the return of income which he is required to furnish under sub-section (4A) or sub-section (4C) of [section 139](#) or to furnish it within the time allowed and in the manner required under those sub-sections; or
- (f) to deliver or cause to be delivered in due time a copy of the declaration mentioned in [section 197A](#); or
- (g) to furnish a certificate as required by [section 203](#) or [section 206C](#); or
- (h) to deduct and pay tax as required by sub-section (2) of [section 226](#);
- (i) to furnish a statement as required by sub-section (2C) of [section 192](#);
- (j) to deliver or cause to be delivered in due time a copy of the declaration referred to in sub-section (1A) of [section 206C](#);
- (k) to deliver or cause to be delivered a copy of the statement within the time specified in sub-section (3) of [section 200](#) or the proviso to sub-section (3) of [section 206C](#);

- (l) to deliver or cause to be delivered the statements within the time specified in sub-section (1) of [section 206A](#);
- (m) to deliver or cause to be delivered a statement within the time as may be prescribed under sub-section (2A) of [section 200](#) or sub-section (3A) of [section 206C](#),

he shall pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues:

Provided that the amount of penalty for failures in relation to a declaration mentioned in [section 197A](#), a certificate as required by [section 203](#) and returns under [sections 206](#) and [206C](#) and statements under sub-section (2A) or sub-section (3) of [section 200](#) or the proviso to sub-section (3) or under sub-section (3A) of [section 206C](#) shall not exceed the amount of tax deductible or collectible, as the case may be:

Provided further that no penalty shall be levied under this section for the failure referred to in clause (k), if such failure relates to a statement referred to in sub-section (3) of [section 200](#) or the proviso to sub-section (3) of [section 206C](#) which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.

(3) Any penalty imposable under sub-section (1) or sub-section (2) shall be imposed—

- (a) in a case where the contravention, failure or default in respect of which such penalty is imposable occurs in the course of any proceeding before an income-tax authority not lower in rank than a Joint Director or a Joint Commissioner, by such income-tax authority;

⁵⁵[(aa) in a case falling under clause (d) of sub-section (1), by the income-tax authority who had issued the notice or direction referred to therein;]

- (b) in a case falling under clause (f) of sub-section (2), by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner; and

- (c) in any other case, by the Joint Director or the Joint Commissioner.

(4) No order under this section shall be passed by any income-tax authority referred to in sub-section (3) unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter by such authority.

Explanation.—In this section, "income-tax authority" includes a Principal Director General or Director General, Principal Director or Director, Joint Director and an Assistant Director or Deputy Director while exercising the powers vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the matters specified in sub-section (1) of [section 131](#).

Section - 272AA, Income-tax Act, 1961-2018

Penalty for failure to comply with the provisions of [section 133B](#).

272AA. (1) If a person fails to comply with the provisions of [section 133B](#), he shall, on an order passed by the Joint Commissioner, Assistant Director or Deputy Director or the Assessing Officer, as the case may be, pay, by way of penalty, a sum which may extend to one thousand rupees.

(2) No order under sub-section (1) shall be passed unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter.

Section - 272B, Income-tax Act, 1961-2018

Penalty for failure to comply with the provisions of [section 139A](#).

272B. (1) If a person fails to comply with the provisions of [section 139A](#), the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of ten thousand rupees.

(2) If a person who is required to quote his permanent account number in any document referred to in clause (c) of sub-section (5) of [section 139A](#), or to intimate such number as required by sub-section (5A) or sub-section (5C) of that section, quotes or intimates a number which is false, and which he either knows or believes to be false or does not believe to be true, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of ten thousand rupees.

(3) No order under sub-section (1) or sub-section (2) shall be passed unless the person, on whom the penalty is proposed to be imposed, is given an opportunity of being heard in the matter.

Section - 272BB, Income-tax Act, 1961-2018

Penalty for failure to comply with the provisions of [section 203A](#).

272BB. (1) If a person fails to comply with the provisions of [section 203A](#), he shall, on an order passed by the Assessing Officer, pay, by way of penalty, a sum of ten thousand rupees.

(1A) If a person who is required to quote his "tax deduction account number" or, as the case may be, "tax collection account number" or "tax deduction and collection account number" in the challans or certificates or statements or other documents referred to in sub-section (2) of [section 203A](#), quotes a number which is false, and which he either knows or believes to be false or does not believe to be true, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of ten thousand rupees.

(2) No order under sub-section (1) or sub-section (1A) shall be passed unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter.

Section - 272BBB, Income-tax Act, 1961-2018

Penalty for failure to comply with the provisions of [section 206CA](#).

272BBB. (1) If a person fails to comply before the 1st day of October, 2004 with the provisions of [section 206CA](#), he shall, on an order passed by the Assessing Officer, pay, by way of penalty, a sum of ten thousand rupees.

(2) No order under sub-section (1) shall be passed unless the person on whom the penalty is proposed to be imposed, is given an opportunity of being heard in the matter.

False estimate of, or failure to pay, advance tax.

273. (1) If the Assessing Officer, in the course of any proceedings in connection with the regular assessment for any assessment year, is satisfied that any assessee—

- (a) has furnished under clause (a) of sub-section (1) of [section 209A](#) a statement of the advance tax payable by him which he knew or had reason to believe to be untrue, or
- (b) has failed to furnish a statement of the advance tax payable by him in accordance with the provisions of clause (a) of sub-section (1) of [section 209A](#),

he may direct that such person shall, in addition to the amount of tax, if any, payable by him, pay by way of penalty a sum—

- (i) which, in the case referred to in clause (a), shall not be less than ten per cent but shall not exceed one and a half times the amount by which the tax actually paid during the financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of—

- (1) seventy-five per cent of the assessed tax as defined in sub-section (5) of [section 215](#), or

- (2) the amount which would have been payable by way of advance tax if the assessee had furnished a correct and complete statement in accordance with the provisions of clause (a) of sub-section (1) of [section 209A](#),

whichever is less;

- (ii) which, in the case referred to in clause (b), shall not be less than ten per cent but shall not exceed one and a half times of seventy-five per cent of the assessed tax as defined in sub-section (5) of [section 215](#):

Provided that in the case of an assessee, being a company, the provisions of this sub-section shall have effect as if for the words "seventy-five per cent", at both the places where they occur, the words "eighty-three and one-third per cent" had been substituted.

(2) If the Assessing Officer, in the course of any proceedings in connection with the regular assessment for the assessment year commencing on the 1st day of April, 1970, or any subsequent assessment year, is satisfied that any assessee—

- (a) has furnished under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (5) of [section 209A](#), or under sub-section (1) or sub-section (2) of [section 212](#), an estimate of the advance tax payable by him which he knew or had reason to believe to be untrue, or
- (aa) has furnished under sub-section (4) of [section 209A](#) or under sub-section (3A) of [section 212](#) an estimate of the advance tax payable by him which he knew or had reason to believe to be untrue, or
- (b) has failed to furnish an estimate of the advance tax payable by him in accordance with the provisions of clause (b) of sub-section (1) of [section 209A](#), or
- (c) has failed to furnish an estimate of the advance tax payable by him in accordance with the provisions of sub-section (4) of [section 209A](#) or sub-section (3A) of [section 212](#),

he may direct that such person shall, in addition to the amount of tax, if any, payable by him, pay by way of penalty a sum—

- (i) which, in the case referred to in clause (a), shall not be less than ten per cent but shall not exceed one and a half times the amount by which the tax actually paid during the

financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of—

- (1) seventy-five per cent of the assessed tax as defined in sub-section (5) of [section 215](#), or
- (2) where a statement under clause (a) of sub-section (1) of [section 209A](#) was furnished by the assessee or where a notice under [section 210](#) was issued to the assessee, the amount payable under such statement or, as the case may be, such notice,

whichever is less;

- (ia) which, in the case referred to in clause (aa), shall not be less than ten per cent but shall not exceed one and a half times the amount by which the tax actually paid during the financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of seventy-five per cent of the assessed tax as defined in sub-section (5) of [section 215](#);
- (ii) which, in the case referred to in clause (b), shall not be less than ten per cent but shall not exceed one and a half times of seventy-five per cent of the assessed tax as defined in sub-section (5) of [section 215](#); and
- (iii) which, in the case referred to in clause (c), shall not be less than ten per cent but shall not exceed one and a half times the amount by which—
 - (a) where the assessee has sent a statement under clause (a), or an estimate under clause (b) of sub-section (1) of [section 209A](#), or an estimate in lieu of a statement under sub-section (2) of that section, the tax payable in accordance with such statement or estimate; or
 - (b) where the assessee was required to pay advance tax in accordance with the notice issued to him under [section 210](#), the tax payable under such notice,falls short of seventy-five per cent of the assessed tax as defined in sub-section (5) of [section 215](#);

Provided that in the case of an assessee, being a company, the provisions of this sub-section shall have effect as if for the words "seventy-five per cent", wherever they occur, the words "eighty-three and one-third per cent" had been substituted.

Explanation 1.—For the purposes of clause (ia), the amount paid by the assessee on or before the date extended by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner under the first proviso to sub-section (4) of [section 209A](#) or, as the case may be, first proviso to sub-section (3A) of [section 212](#) shall, where the date so extended falls beyond the financial year immediately preceding the assessment year, also be regarded as tax actually paid during that financial year.

Explanation 2.—When the person liable to penalty is a registered firm or an unregistered firm which has been assessed under clause (b) of [section 183](#), then, notwithstanding anything contained in the other provisions of this Act, the penalty imposable under this section shall be the same amount as would be imposable on that firm if that firm were an unregistered firm.

(3) The provisions of this section shall apply to and in relation to any assessment for the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year, and references in this section to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.

Power to reduce or waive penalty, etc., in certain cases.

273A. (1) Notwithstanding anything contained in this Act, the Principal Commissioner or Commissioner may, in his discretion, whether on his own motion or otherwise,—

(i) [***]

(ii) reduce or waive the amount of penalty imposed or imposable on a person under ⁵⁶[[section 270A](#) or] clause (iii) of sub-section (1) of [section 271](#); *[or]

(iii) [***]

if he is satisfied that such person—

(a) [***]

(b) in the case referred to in clause (ii), has, prior to the detection by the Assessing Officer, of the concealment of particulars of income or of the inaccuracy of particulars furnished in respect of such income, voluntarily and in good faith, made full and true disclosure of such particulars,

(c) [***]

and also has, in the case referred to in clause (b), co-operated in any enquiry relating to the assessment of his income and has either paid or made satisfactory arrangements for the payment of any tax or interest payable in consequence of an order passed under this Act in respect of the relevant assessment year.

Explanation—For the purposes of this sub-section, a person shall be deemed to have made full and true disclosure of his income or of the particulars relating thereto in any case where the excess of income assessed over the income returned is of such a nature as not to attract the provisions of ⁵⁷[[section 270A](#) or] clause (c) of sub-section (1) of [section 271](#).

(2) Notwithstanding anything contained in sub-section (1),—

(a) [***]

(b) if in a case falling under ⁵⁸[[section 270A](#) or] clause (c) of sub-section (1) of [section 271](#), the amount of income in respect of which the penalty is imposed or imposable for the relevant assessment year, or, where such disclosure relates to more than one assessment year, the aggregate amount of such income for those years, exceeds a sum of five hundred thousand rupees,

no order reducing or waiving the penalty under sub-section (1) shall be made by the Principal Commissioner or Commissioner except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be.

(3) Where an order has been made under sub-section (1) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under this section in relation to any other assessment year at any time after the making of such order :

Provided that where an order has been made in favour of any person under sub-section (1) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years if he makes an application to the income-tax authority referred to in sub-section (4) at any time before the 1st day of April, 1992.

(4) Without prejudice to the powers conferred on him by any other provision of this Act, the Principal Commissioner or Commissioner may, on an application made in this behalf by an assessee, and after recording his reasons for so doing, reduce or waive the amount of any

penalty payable by the assessee under this Act or stay or compound any proceeding for the recovery of any such amount, if he is satisfied that—

- (i) to do otherwise would cause genuine hardship to the assessee, having regard to the circumstances of the case; and
- (ii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him:

Provided that where the amount of any penalty payable under this Act or, where such application relates to more than one penalty, the aggregate amount of such penalties exceeds one hundred thousand rupees, no order reducing or waiving the amount or compounding any proceeding for its recovery under this sub-section shall be made by the Principal Commissioner or Commissioner except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be.

⁵⁹[(4A) The order under sub-section (4), either accepting or rejecting the application in full or in part, shall be passed within a period of twelve months from the end of the month in which the application under the said sub-section is received by the Principal Commissioner or the Commissioner:

Provided that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard:

Provided further that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017.

(5) Every order made under this section shall be final and shall not be called into question by any court or any other authority.

(6) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1989 shall apply to and in relation to any assessment for the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year, and references in this section to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.

(7) Notwithstanding anything contained in sub-section (6), the provisions of sub-section (1), sub-section (2), or, as the case may be, sub-section (4) [as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1989 (3 of 1989)], shall apply in the case of reduction or waiver of penalty or interest in relation to any assessment for the assessment year commencing on the 1st day of April, 1988 or any earlier assessment year, with the modifications that the power under the said sub-section (1) shall be exercisable only by the Principal Commissioner or Commissioner and instead of the previous approval of the Board, the Principal Commissioner or Commissioner shall obtain the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be, while dealing with such case.

Section - 273AA, Income-tax Act, 1961-2018

Power of Principal Commissioner or Commissioner to grant immunity from penalty.

273AA. (1) A person may make an application to the Principal Commissioner or Commissioner for granting immunity from penalty, if—

- (a) he has made an application for settlement under [section 245C](#) and the proceedings for settlement have abated under [section 245HA](#); and

(b) the penalty proceedings have been initiated under this Act.

(2) The application to the Principal Commissioner or Commissioner under sub-section (1) shall not be made after the imposition of penalty after abatement.

(3) The Principal Commissioner or Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from the imposition of any penalty under this Act, if he is satisfied that the person has, after the abatement, co-operated with the income-tax authority in the proceedings before him and has made a full and true disclosure of his income and the manner in which such income has been derived.

⁶⁰[(3A) The order under sub-section (3), either accepting or rejecting the application in full or in part, shall be passed within a period of twelve months from the end of the month in which the application under the said sub-section is received by the Principal Commissioner or the Commissioner:

Provided that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard:

Provided further that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017.]

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Principal Commissioner or Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars material to the assessment from the income-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.

Section - 273B, Income-tax Act, 1961-2018

Penalty not to be imposed in certain cases.

273B. Notwithstanding anything contained in the provisions of clause (b) of sub-section (1) of [section 271](#), [section 271A](#), [section 271AA](#), [section 271B](#), [section 271BA](#), [section 271BB](#), [section 271C](#), [section 271CA](#), [section 271D](#), [section 271E](#), [section 271F](#), [section 271FA](#), [section 271FAB](#), [section 271FB](#), [section 271G](#), [section 271GA](#), ⁶¹[[section 271GB](#),] [section 271H](#), [section 271-I](#), ⁶²[[section 271J](#),] clause (c) or clause (d) of sub-section (1) or sub-section (2) of [section 272A](#), sub-section (1) of [section 272AA](#) or [section 272B](#) or sub-section (1) or sub-section (1A) of [section 272BB](#) or sub-section (1) of [section 272BBB](#) or clause (b) of sub-section (1) or clause (b) or clause (c) of sub-section (2) of [section 273](#), no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred to in the said provisions if he proves that there was reasonable cause for the said failure.

Section - 274, Income-tax Act, 1961-2018

Procedure.

274. (1) No order imposing a penalty under this Chapter shall be made unless the assessee has been heard, or has been given a reasonable opportunity of being heard.

(2) No order imposing a penalty under this Chapter shall be made—

- (a) by the Income-tax Officer, where the penalty exceeds ten thousand rupees;
- (b) by the Assistant Commissioner or Deputy Commissioner, where the penalty exceeds twenty thousand rupees,

except with the prior approval of the Joint Commissioner.

(3) An income-tax authority on making an order under this Chapter imposing a penalty, unless he is himself the Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.

Section - 275, Income-tax Act, 1961-2018

Bar of limitation for imposing penalties.

275. (1) No order imposing a penalty under this Chapter shall be passed—

- (a) in a case where the relevant assessment or other order is the subject-matter of an appeal to the Commissioner (Appeals) under [section 246](#) or [section 246A](#) or an appeal to the Appellate Tribunal under [section 253](#), after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which the order of the Commissioner (Appeals) or, as the case may be, the Appellate Tribunal is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, whichever period expires later :

Provided that in a case where the relevant assessment or other order is the subject-matter of an appeal to the Commissioner (Appeals) under [section 246](#) or [section 246A](#), and the Commissioner (Appeals) passes the order on or after the 1st day of June, 2003 disposing of such appeal, an order imposing penalty shall be passed before the expiry of the financial year in which the proceedings, in the course of which action for imposition of penalty has been initiated, are completed, or within one year from the end of the financial year in which the order of the Commissioner (Appeals) is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, whichever is later;

- (b) in a case where the relevant assessment or other order is the subject-matter of revision under [section 263](#) or [section 264](#), after the expiry of six months from the end of the month in which such order of revision is passed;
- (c) in any other case, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which action for imposition of penalty is initiated, whichever period expires later.

(1A) In a case where the relevant assessment or other order is the subject-matter of an appeal to the Commissioner (Appeals) under [section 246](#) or [section 246A](#) or an appeal to the Appellate Tribunal under [section 253](#) or an appeal to the High Court under [section 260A](#) or an appeal to the Supreme Court under [section 261](#) or revision under [section 263](#) or [section 264](#) and an order imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty is passed before the order of the Commissioner (Appeals) or the Appellate Tribunal or the High Court or the Supreme Court is received by the Principal Chief Commissioner or Chief Commissioner or the Principal Commissioner or Commissioner or the order of revision under [section 263](#) or [section 264](#) is passed, an order imposing or enhancing

or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty may be passed on the basis of assessment as revised by giving effect to such order of the Commissioner (Appeals) or, the Appellate Tribunal or the High Court, or the Supreme Court or order of revision under [section 263](#) or [section 264](#):

Provided that no order of imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty shall be passed—

- (a) unless the assessee has been heard, or has been given a reasonable opportunity of being heard;
- (b) after the expiry of six months from the end of the month in which the order of the Commissioner (Appeals) or the Appellate Tribunal or the High Court or the Supreme Court is received by the Principal Chief Commissioner or Chief Commissioner or the Principal Commissioner or Commissioner or the order of revision under [section 263](#) or [section 264](#) is passed:

Provided further that the provisions of sub-section (2) of [section 274](#) shall apply in respect of the order imposing or enhancing or reducing penalty under this sub-section.

(2) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), shall apply to and in relation to any action initiated for the imposition of penalty on or before the 31st day of March, 1989.

Explanation.—In computing the period of limitation for the purposes of this section,—

- (i) the time taken in giving an opportunity to the assessee to be reheard under the proviso to [section 129](#);
- (ii) any period during which the immunity granted under [section 245H](#) remained in force; and
- (iii) any period during which a proceeding under this Chapter for the levy of penalty is stayed by an order or injunction of any court,

shall be excluded.