## INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH

## M/s Central Coalfields Ltd. v ACIT/DCIT, Circle-1, Ranchi — ITA Nos. 370, 383 & 387/Ran/2025 — order dated 11 June 2026

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M/S Central Coalfields Ltd.,,Ranchi vs Acit/Dcit, Circle-1, Ranchi on 11 June, 2026

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

I.T.A. No. 370 & 383/Ran/2025
(Assessment Years-2020-21 and 2019-20)
M/s Central Coalfields Ltd., A.C.I.T./D.C.I.T.,
Darbhanga House, Office of GM Circle-1,
Finance-A, Opp. Governor House, Vs. Ranchi.
Ranchi-834001.
PAN No. AAACC 7476 R
Appellant/ Assessee Respondent/ Revenue

ITA No. 387/Ran/2025
(Assessment Year-2018-19)
A.C.I.T., Central Coalfields Ltd.,
Ranchi. Darbhanga House, Office of GM
Vs. Finance-A, Opp. Governor House,
Ranchi-834001.
PAN No. AAACC 7476 R
Appellant/ Revenue Respondent/ Assessee

Assessee represented by Shri M.K. Chowdhary and Shri Devesh
Poddar, ARs
Department represented by Shri Ashish Kumar Daharia, CIT-DR
Date of hearing 24/04/2026
Date of pronouncement 11/06/2026

ORDER

PER: BENCH

1. ITA No. 370/Ran/2025 and ITA No. 383/Ran/2025 are the appeals filed by

the assessee and ITA No. 387/Ran/2025 is the appeal filed by the revenue.

The appeals are directed against the separate orders of the National Faceless

Appeal Centre (NFAC) Delhi [in short, the ld. CIT(A)] dated, 22/08/2025,

25/08/2025 and 29/09/2025 for the Assessment Years (AY) 2018-19 to 2020-

21 respectively. As a lead case, we take up ITA No. 370/Ran/2025 for the A.Y. 2020-21. In this appeal, the assessee has raised following grounds of appeal:

"1. For that the order passed by Ld. CIT(A), NFAC confirming the penalty of Rs. 40,58,53,594/- is unjustified, incorrect, illegal and uncalled for on facts and in law.

2. For that Ld. CIT(A) was not justified in not keeping the penalty appeal in abeyance since the additions on which penalty was imposed were disputed in appeal before ITAT, which was pending for hearing. Moreover, the penalty order passed by Ld. AO on 11.03.2025, after more than 11 months from the reply dated 22.05.2024 filed by the appellant, for keeping the penalty proceedings in abeyance. The action of passing the order by both the lower authorities, without giving any further opportunity of hearing is unjustified, arbitrary and is in violation of Principles of Natural Justice. As such the order passed may be quashed.

3. For that Ld. CIT(A) was not justified in not appreciating that the appellant had pleaded that no specific limb out of the 7 limbs mentioned in sub-section (2) of section 270A was specified or 6 limbs mentioned in sub-section (9) of section 270A was specified. As such the penalty order is liable to be quashed since the penalty was initiated u/s 270A in the aforesaid assessment order u/s 143(3) r.w.s 1448 dated 29.09.2022, without recording any satisfaction during the course of assessment in respect of specific limb and sub-section under which penalties were initiated.

Further imposition of penalty at the rate of 200% on the allegation of under reporting in consequence of mis-reporting, only at the end of the impugned penalty order, without specifically pointing out what was misreported, is without any cogent basis.

As such the penalty imposed is void ab-initio, erroneous, arbitrary, and liable to be quashed.

4. For that penalty u/s 270A imposed on disallowance of Rs. 21,99,00,000/- under the Repair Expenses is unjustified because it was disallowed on the pretext of, for want of details. Full details of the same were duly filed during assessment proceedings, which it appears that lost the sight of the Ld. AO. The has been incurred through banking channel after due passing of the same by various authorities. The same always allowed in past and the expenses claimed during the year compared well with the past results, for which no adverse comment has been given.

There is no specific allegation of any under-reporting or mis reporting of the same. As such the penalty imposed on Repair Expenses is unjustified, illegal and be deleted.

5. For that penalty u/s 270A imposed on disallowance of Rs. 36,08,20,000/- under the Stripping activity adjustment is unjustified, illegal and liable to be deleted on the alleged misreported income. No penalty could have been imposed only on the difference of opinion of the Ld. AO. The appellant has filed complete facts and details of the same and no discrepancy in the same was found. As such the allegation of under-reporting, only in the penalty

order, without pointing out what was under-reported / mis-reported, is without any cogent basis and liable to be deleted.
Under the similar circumstances Ld. CIT(A), NFAC has deleted such addition of Rs.56,90,00,000/- in AY 2018-19 vide his order dated 19.02.2024 and has further deleted the addition of Rs. 69,52,00,000/- in AY 2019-20 vide his order dated 20.02.2024 and as still further deleted the addition of Rs. 73,17,00,000/- in AY 2021-22 vide his order dated 29.08.2025 and Rs. 145,16,20,000/- in AY 2022-23 vide his order dated 22.08.2025. As such even if it was confirmed by Ld. CIT(A) in the year under consideration, the same does not constitute under reporting/misreporting by the appellant.
As such the penalty imposed on Stripping activity adjustment is unjustified, illegal and be deleted.
6. For that Ld. AO was incorrect in charging tax on the alleged under-reported income of Rs. 58,07,20,000/- @ of 30 percent instead of @ 22% applicable upon the appellant for the year under consideration and accordingly calculating surcharge and HE Cess at the higher amount of tax.
As such Ld. AO be directed to revise the calculation at the rate of 22. percent on the alleged under reported income, if any.
7. For that appellant craves leave to add, amend or alter all or any ground(s) or adduce evidences, if any, before or at the time of hearing."

The revenue, on the other hand, in its appeal, has raised following grounds of

appeal:

"1. For that the learned CIT(A) erred in facts as well as in law by deleting the well-reasoned penalty order passed by the assessing officer based on thorough consideration of the materials on record in course of the penalty proceedings;
2. For that the learned CIT(A) failed to consider that in matters of penalty. substance of the matter is to be taken into consideration rather than the form of the notices/ orders, more so when the facts and circumstances of the matter make it writ large that the penalty has been imposed for underreporting or for misreporting;
3. For that the learned CIT(A) adopted a hyper technical approach in the matter by quashing the imposed penalty in the facts and circumstances of the instant case wherein the assessing officer while computing the penalty has imposed a penalty of 50% was imposed by the assessing officer of the tax due as duly noted in paragraph-4 of the penalty order which makes it abundantly clear that penalty was for underreporting of income;

4. For that the learned CIT(A) erred in facts as well as in law in holding that the penalty order has been passed by the assessing officer without recording of satisfaction of exact limb under which penalty is levied in disregard to the fact that the records of the penalty proceedings if considered as a whole make it writ large that penalty was imposed for underreporting of income;
5. For that the other and further grounds shall be urged at the time of hearing of this appeal."

2. Facts of the case in brief are that the assessee company is an undertaking of Government of India and is a subsidiary of M/s Coal India Limited. It is engaged in coal mining, coal washing and sale of different grades of coal. The original return of income was e-filed by the assessee company declaring total income of ■3015,95,03,600/- for the A.Y. 2020-21. The case of the assessee was selected for scrutiny under Section 143(3) of the Income Tax Act, 1961 (in short, the Act) and following additions/disallowances were made under Section 143(3) of the Act.

| Sl. No. | Head of Additions/Disallowances | Amount |
|---|---|---|
| 1. | Disallowance of Repair Expenses | 21,99,00,000/- |
| 2. | CMPDIL Charges | 66,96,00,000/- |
| 3. | Environmental and Tree Plantation Expenses | 2,86,00,000/- |
| 4. | Siding Maintenance Charges | 10,68,00,000/- |
| 5. | Miscellaneous Expenses | 31,69,00,000/- |
| 6. | Stripping Activity Adjustment | 36,08,20,000/- |
| | Total Disallowances | Rs. 170,26,20,100/- |

Penalty proceedings under Section 270A of the Act was also initiated by the Assessing Officer on account of under-reporting of income in consequence of misreporting of income under Section 274 read with Section 270A of the Act.

3. When the assessee challenged the additions made by the Assessing Officer before the ld. CIT(A), the ld. CIT(A) vide order No. ITBA/NFAC/S/250/2023-24/1060242869(1) dated 30/01/2024, partly allowed the appeal of the assessee and sustained rest of the additions.

4. Consequent upon the disposal of the appeal by the ld. CIT(A), the Assessing Officer issued a show cause notice to the assessee as to why the penalty under Section 270A of the Act for under-reporting of income should not be imposed in respect of the addition/disallowance confirmed by the ld. CIT(A). In response to the said show cause notice, the assessee-company, instead of filing any explanation, requested the Assessing Officer to keep the penalty proceedings in abeyance on the ground that the assessee-company has filed appeal before the Hon'ble ITAT against the quantum additions sustained by the ld. CIT(A). The Assessing Officer rejected the request of the assessee on the ground that there is no provision in the Income Tax Act which prevented

the Assessing Officer from imposing penalty under Section 270A of the Act even if the assessee is in appeal. The Assessing Officer, thereafter, imposed a penalty of ■ 58,07,20,000/- under Section 270A of the Act for under-reporting the particulars of income by not offering it for the purpose of taxation and consequently it has misreported his income.

5. Aggrieved by the penalty order passed by the Assessing Officer, the assessee filed appeal before the ld. CIT(A), who vide the impugned order, dismissed the appeal of the assessee on the ground that the Assessing Officer has discussed in detail each of the additions and the Assessing Officer, therefore, was right in imposing the penalty under Section 270A of the Act as the assessee-company failed to provide any explanation before the ld. CIT(A) to substantiate its claim that penalty was not imposable in this case.

6. Aggrieved by the order of ld. CIT(A), the present appeal has been filed by the assessee before this Tribunal.

7. During the appellate proceedings before us, the appellant raised a legal issue that in the assessment order made under Section 143(3) read with section 144B of the Act dated 29/09/2022, the Assessing Officer did not record any satisfaction as to whether the penalty was imposed for under-reporting of the income or misreporting of income. Since the Assessing Officer failed to specify as to which specific limb, out of the seven limbs mentioned in Section 270A of the Act, has been contravened the imposition of penalty is void ab initio.

8. Secondly, when the request of the appellant to keep the penalty proceedings in abeyance till the disposal of the appeal before the ITAT was not acceded to the appellant was denied the opportunity of being heard, the penalty imposed under Section 270A @ 200% on alleged under-reporting in consequence of misreporting is an illegal and arbitrary act. In support of its contention, the assessee-company has placed reliance on the following decisions/case laws:

■Prem Brothers Infrastructure LLP vs. National Faceless Assessment Centre [2022] 142 taxmann.com 38 (Delhi)[31-05-2022-Copy attached at Page-07-09

Para 8. This Court also finds that there is not even a whisper as to which limb of section 270A of the Act is attracted and how the ingredient of sub-section (9) of section 270A is satisfied. In the absence of such particulars, the mere reference to the word "misreporting" by the Respondents in the penalty order to deny immunity from imposition of penalty and prosecution makes the impugned order manifestly arbitrary.

■Schneider Electric South East Asia (HQ) Pte. Ltd. vs. Asst. Commissioner of Income-tax [2022] 145 taxmann.com 665 (Delhi) [28-03-2022]-Copy attached at Page-10-12.

Para 6. Having perused the impugned order dated 09th March, 2022, this Court is of the view that the Respondents' action of denying the benefit of immunity on the ground that the penalty was initiated under Section 270A of the Act for misreporting of income is not only erroneous but also arbitrary and bereft of any reason as in the penalty notice the Respondents have failed to specify the limb - "underreporting" or "misreporting" of income, under which the penalty proceedings had been initiated.

Para 7. This Court also finds that there is not even a whisper as to which limb of Section 270A of the Act is attracted and how the ingredient of sub-section (9) of Section 270A is satisfied. In the absence of such particulars, the mere reference to the word "misreporting" by the Respondents in the assessment order to deny immunity from imposition of penalty and prosecution makes the impugned order manifestly arbitrary.

■Manish Manohardas Asrani vs. INT Tax Ward 1(1)(1) [2025] 170 taxmann.com 792 (Mumbai - Trib.) [15-10-2024]-Copy attached at Page - 13 -19

Where in penalty notice issued under section 274 read with section 270A, Assessing Officer had failed to specify any particular limb or sub-clause of section 270A and only mentioned under reporting of income and thereafter, penalty had been levied ultimately for both under reporting and misreporting of income for which show-cause notice was never issued to assessee, penalty was to be deleted.

■Sunil Chunilal Kumavat vs. Income-tax Officer [2024] 165 taxmann.com 287 (Pune-Trib.)[22-03-2024]-Copy attached at Page-20-22.

Section 270A of the Income-tax Act, 1961 Penalty For under-reporting and misreporting of income Assessment years 2017-18 and 2018-19 Lower authorities levied 200% penalties upon assessee for assessment years 2017-18 and 2018-19 due to bogus claims for deductions under section 80C - Whether although lower authorities

had levied 200% penalty(ies) in assessee's case going by sec.270A(8) on one hand; whereas they nowhere specified corresponding limb(s) of "under-reporting of income in consequence of any mis-reporting" thereof; as prescribed sub-sec.(9) containing (a) to (f) clauses, impugned penalties for assessment years 2017-

2018 and 2018-2019 deserved to be deleted - Held, yes [Para 4]
As such, relying upon the above facts and case laws citied, we state that the penalty proceedings initiated in case of the assessee was ab-initio void and the penalty imposed thereby is fit to be deleted."

9. On the other hand, the ld. CIT-DR justified the actions of the lower authorities on the ground that the penalty under Section 270A of the Act was rightly imposed.

10. We have considered the rival submissions and also considered the case laws relied by the appellant. It is found that in all the cases as cited by the appellant, it has been held by the Hon'ble Delhi High Court and by the Mumbai Tribunal and Pune Tribunal that if specific limb as provided under Section 270A of the Act has not been specified, the penalties imposed deserve to be deleted. In view of the above decisions and respectfully following the same, we are of the considered opinion that this is not a fit case where penalty under Section 270A of the Act can be confirmed in absence of specific finding as to whether the penalty was imposed for under reporting or misreporting of income. Accordingly, the penalty imposed under Section 270A read with section 274 is deleted.

11. In the result, this appeal of the assessee is allowed.

12. Similarly in ITA No.383/Ran/2025 for the A.Y. 2019-20, we find that in this appeal, the assessee has raised similar grounds of appeal except variation of amount of penalty imposed by the Assessing Officer. We also find that the facts of the case and the grounds of appeal as raised by the assessee in this appeal are similar to the facts and grounds of appeal as raised in ITA No. 370/Ran/2025 for the A.Y. 2020-21, where we have allowed the appeal of the assessee by deleting the penalty imposed by the Assessing Officer. Therefore, keeping in view the principle of consistency on similar set of facts, our finding in ITA No. 370/Ran/2025 for the A.Y. 2020-21 shall apply mutatis mutandis in this appeal also. In the result, this appeal of the assessee is allowed.

13. Now we take up revenue's appeal in ITA No. 387/Ran/2025 for the A.Y. 2018-19. In this appeal, the ld. CIT(A) allowed the appeal of the assessee by holding that the Assessing Officer has invoked both the limbs in a sweeping

manner without specifying the exact charges. This amounts to non-application of mind and renders the penalty order unsustainable in law. Since the ld. CIT(A) allowed the appeal of the assessee by dismissing the penalty imposed by the Assessing Officer by following the various judicial precedents of the various High Courts and the Tribunals, we find no infirmity in the order of the ld. CIT(A) and accordingly, the same is upheld.

14. In the result, both the appeals of the assessee are allowed and the appeal of the revenue stands dismissed.

Order pronounced in open court on 11/06/2026.

Sd/- Sd/-
(GEORGE MATHAN) (RATNESH NANDAN SAHAY)
JUDICIAL MEMBER ACCOUNTANT MEMBER

Ranchi, Dated: 11/06/2026
*Ranjan

Copy to:
1. Assessee
2. Revenue
3. CIT
4. DR By order
5. Guard File

Sr. Private Secretary, ITAT, Ranchi