

## INCOME TAX APPEAL (L) NO. 456 OF 2011

Mr.D.K. Kamwal for the Appellant.  
Mr. Rahul Hakani i/by Ajay R. Singh for the Respondent.

DATE : 27TH JULY, 2011.

1. Whether the ITAT was justified in deleting the penalty levied under Section 271D of the Income Tax Act, 1961 is the question raised in this appeal.

2. In the present case, the assessee with a view to purchase a house obtained loan totaling to Rs.25,22,000/- from the close relatives such as Father, Mother, Sister-in-law, Mother's Brother etc. In the affidavit filed by these relatives, it was stated that they had income from agricultural operations and that loan was advanced to the assessee out of the agricultural income received by them. The Tribunal considered that failure to accept such loans in violation of section 269SS of the Act constituted reasonable cause and therefore it was not a fit case for imposition of penalty under

section 271D of the Income Tax Act, 1961.

3. In our opinion, the decision of the ITAT cannot be said to be perverse. Accordingly, appeal is dismissed with no order as to costs.

( A.A. SAYED, J. )

( J.P. DEVADHAR , J.)