

Chapter 17: Penalties

#SabKarLenge

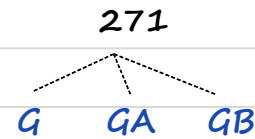
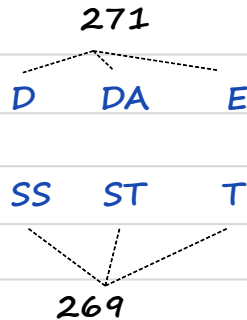
Tax Audit

271A, 271B,
221(1)

Transfer pricing

271AA, 271BA,

Cash loan/Advance



Under-reporting/Undisclosed

270A, 271



SFT

271FA, 271FAA

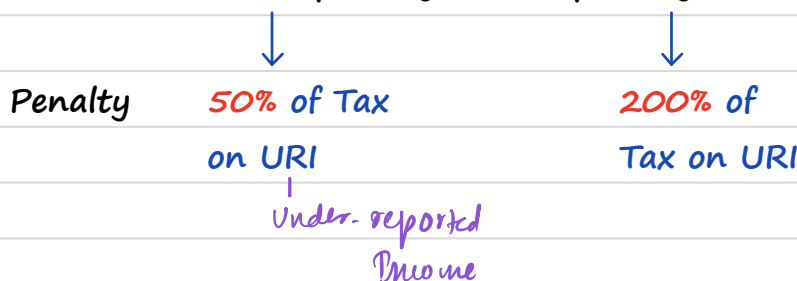
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1) Cash Loan & Advances

	loan or deposit taken	Any Transaction received	loan/deposit paid	
269	SS 20,000 or more	ST 2,00,000 or more	T 20,000 or more	24000 plus 269T 20,000 ↓ Cash loan repayment
271 Penalty	D 100% of amount of loan	DA 100% of amount received	E 100% of amount of loan	24000 ↓ repayment 19000 - loan 5000 - Interest Penalty - 19000

2) Under reporting/ Undisclosed

270 A - Under-reporting/ Mis-reporting of Income



271AA

271AAB → B - Badmash
Undisclosed Income
found in Search

30% / 60% of
Undisclosed Income

271AAC
Unaccounted
Income 68-69D

10% of Tax on
unaccounted
Income u/s 115BBE

271AAD → Dholke baaz
False entry or Omission
to evade tax liability.

100% of such
false or omitted
entry.

(3) Tax Audit

271A
Failure to keep & maintain
books as per section 44AA

Rs. 25,000

271B
Failure to get Books of
Accounts audited u/s 44AB

0.5% of Turnover or Gross Receipts
Max 1,50,000

Note: If Assessee has not maintained BOA, penalty shall only be leviable u/s 271A & not 271B because if BOA are not maintained, the question of getting them audited doesn't arise

221(1) Failure to pay any tax - Self Assessment Tax, TDS, TCS, tax demand

Penalty → Maximum: Amount of Tax in Arrears

4) Transfer pricing

271AA

Failure to
keep & maintain
docs as per
sec 92D

Report such
docs. when
required

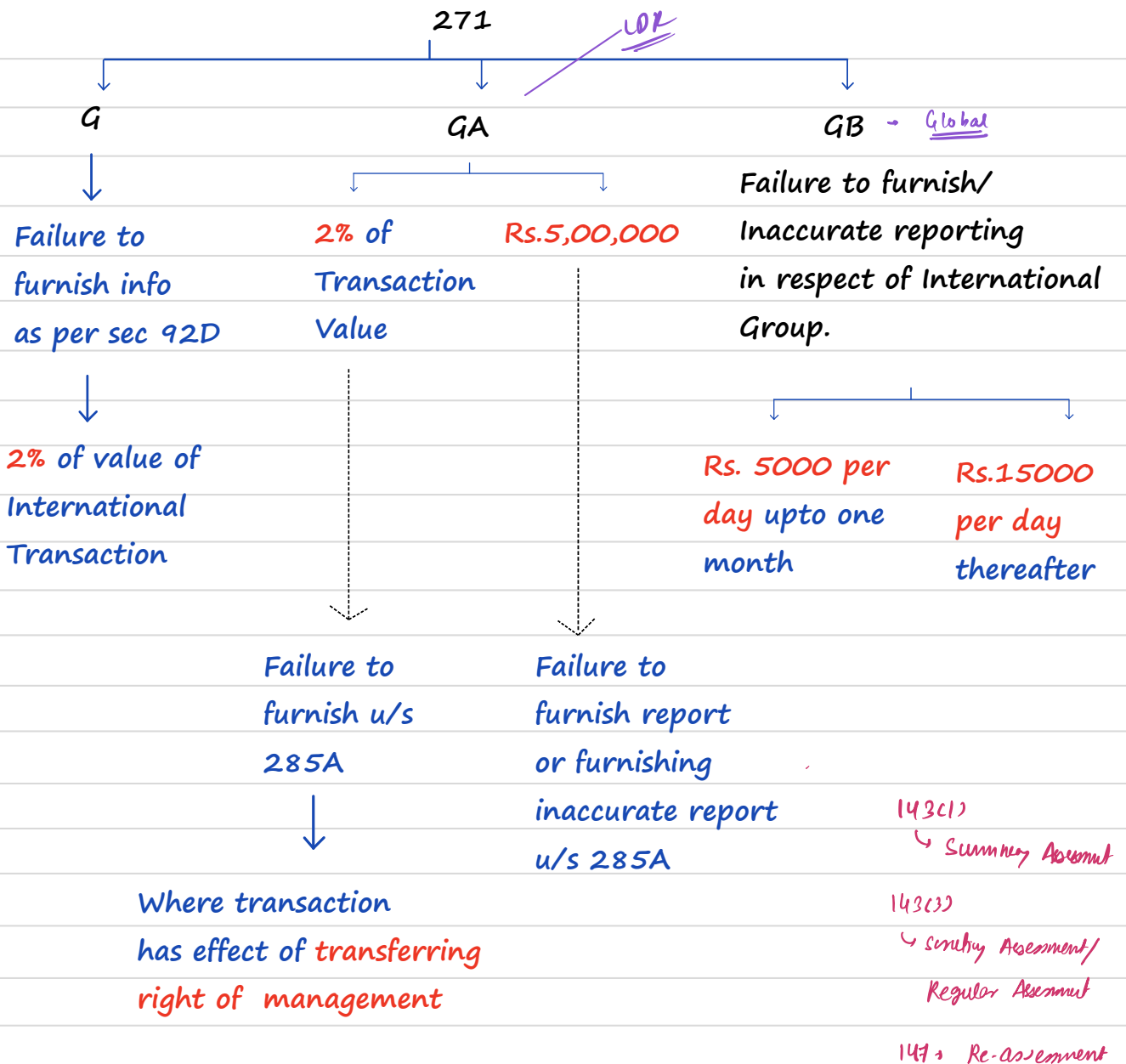
maintain/
Furnish
Correct info.

2% of Transaction Value

271BA^{me} - CA u/s report nahi eliga

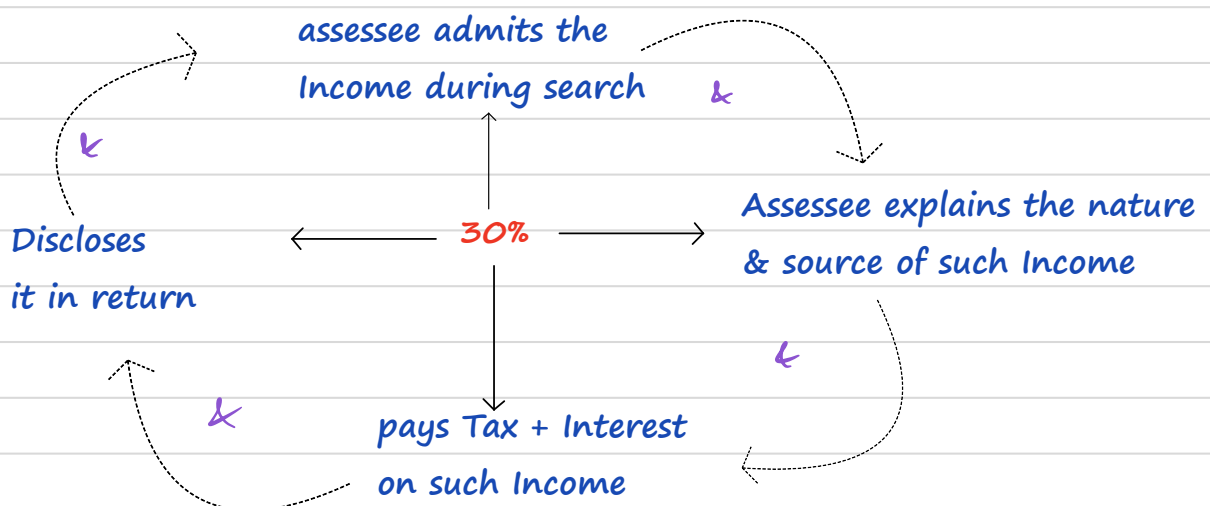
Failure to furnish report
of CA u/s 92E
Rs. 1,00,000

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Notes:

30%/60% - 271AAB



60% - If even 1 condition is not satisfied, 60% penalty will be leviable.

270A Calculation

Penalty amount- 50%/200% of Tax as calculated below

If Return is filed:

	Tax on Baad Wali Income	-	Tax on pehle Wali Income
At the time of:			
Scrutiny	Tax on Income		Tax on Income
Assessment	u/s 143(3)	-	u/s 143(1)

Order of
Assessment



Re-assessment	Tax on Income	-	Tax on Income
	u/s 147		u/s 143(3)

Pen. BEZ ↑ × R01%

(147) - 8,00,000

- 2,50,000

URI = 5,50,000

Under Reported Income =Income u/s [143(3) - 143(1)]

Income u/s [147 - 143(3)]

If Return is not filed:

Tax On Assessed Income | → RDI not
filed
147

143C2 → 8 lakh

147 - 13 lakh

5 lakh

Para 171 - Para 172

URI = Company/firm - Assessed Income - 8L.

Other Cases = Assessed Income u/s 144 - Basic Exemption

8L - 2.5 lac = 5.5 lac 8L-8L = 5L.

If there is loss: Tax on Difference in loss (Reduction of loss/Increase in Income)

Penalty = Underreporting - 50 % of Tax

(8,00,000) = 143C1)

Misreporting - 200% of Tax

(2,00,000) = 143C2)

270A(6): Cases which are not considered as under-reporting

143C2 - 143C1

= 6,00,000 - pe Para Nikalenge

- The amount of income in respect of which the assessee offers an explanation
- The amount of under-reported income determined on the basis of an estimate
- The amount of under-reported income represented by any addition made in conformity with the ALP determined by the TPO.
- The amount of undisclosed income on account of a search operation

Statement of Financial Transactions(SFT)

Due Date for filing SFT: 31st May of the year immediately following the F.Y. in which the Transaction is recorded.

Ans. 31st May → de dena chajh sh

See 271FA- PENALTY FOR NON-FILING OF SFT

SFT

→ On failure to furnish SFT or Reportable Accounts

↳ Penalty is Rs. 500 per day till the period of Notice

15th August - Notice

31st August → Time.

15th Sept - filed

→ On failure to pay the same till expiry of notice:

↳ Penalty would be Rs. 1000 per day after expiry of notice.

$$500 \times 100 = \underline{\underline{50,000}}$$

Sec 271FAA: Inaccurate Info in SFT or Reportable A/cs



Penalty = Rs. 50,000

Sec 271K -

Where any College
University
Research Association

regd. u/s 35

Institution → regd u/s 80G



Fails to deliver a prescribed statement in prescribed time → Penalty:
Rs. 10,000- 1,00,000

Sec 272A- Penalty on non-compliance of AO's Order. → 10,000 →

Non

Sec 271 AAE-

Penalty

Any Trust regd. u/s 11/10(23C) gives any benefit to related person u/s 13(1) (eg. Benefit to trustee, founder etc.)

1st Violation : 100% of the Amount
Subsequent Violation: 200% of the Amount