



PENALTIES UNDER THE INCOME-TAX ACT

Introduction

Under the Income-tax Act, penalties are levied for various defaults committed by the taxpayer. Some of the penalties are mandatory and a few are at the discretion of the tax authorities. In this part, you can gain knowledge about the provisions relating to various penalties leviable under the Income-tax Act.

Penalty for default in making payment of Self Assessment Tax

As per section 140A(1) any tax due (after allowing credit for TDS, advance tax, etc.) along with interest under section 234A, 234B and 234C (if any) should be paid before filing the return of income. Tax paid as per section 140A(1) is called 'self assessment tax'.

As per section 140A(3), if a person fails to pay either wholly or partly self assessment tax or interest, then he will be treated as assessee in default in respect of unpaid amount. As per section 221(1), if a taxpayer is treated as an assessee in default, then he shall be held liable to pay penalty of such amount as the Assessing Officer may impose and in the case of a continuing default, such further amount or amounts as the assessing officer may, from time to time, direct. However, the total amount of penalty cannot exceed the amount of tax in arrears.

Before charging penalty under section 221(1), the tax authority shall give the taxpayer a reasonable opportunity of being heard. No penalty is levied if the taxpayer proves to the satisfaction of the tax authorities that the default was for good and sufficient reason.

Note: An assessee shall not cease to be liable to any penalty under section 221(1) merely by reason of the fact that he paid the tax before the levy of such penalty.

Penalty for default in making payment of Tax

As per section 220(1), when a demand notice under section 156 has been issued to the taxpayer for payment of tax (other than notice for payment of advance tax), then such amount shall be paid within a period of 30 days of the service of the notice at the place and to the person mentioned in the notice. In certain cases, the above period of 30 days can be reduced by the tax authorities with the previous approval of designated authorities. If the taxpayer makes default in payment of any tax due from him, then apart from other penal provisions, he is treated as an assessee in default.

As per section 221(1), if a taxpayer is treated as an assessee in default, then he shall be liable to pay penalty of such an amount as the Assessing Officer may impose. However, penalty cannot exceed the amount of tax in arrears. Thus, penalty under section 221(1) is a general penalty and can be levied in all the cases in which the taxpayer is treated as an assessee in default.





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Before charging penalty as discussed above, the tax authorities shall give the taxpayer a reasonable opportunity of being heard. No penalty is levied if the taxpayer proves to the satisfaction of the tax authorities that the default was for good and sufficient reason.

Note: An assessee shall not cease to be liable to any penalty under section 221(1) merely by reason of the fact that he paid the tax before the levy of such penalty.

Late filing fees for delay in filing the TDS/TCS statement

As per section 200(3) every person liable to deduct tax at source is liable to file the statement in respect of tax deducted by him i.e. TDS return. Further, as per proviso to section 206C(3) every person liable to collect tax at source has to furnish statement in respect of tax collected by him i.e. TCS return. Section 234E provides for levy of late filing fees for the delay in filing TDS/TCS return.

As per section 234E, where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees however shall not exceed the amount of TDS/TCS. TDS/TCS return cannot be filed (after prescribed due date) without payment of late filing fees as discussed above.

Penalty for failure to comply with notice issued under section 142(1) or 143(2) or direction for audit under section 142(2A)

Penalty under section 271(1)(b) is levied if a taxpayer fails to comply with notice issued to him under section 142(1) or section 143(2) or fails to comply with a direction issued under section 142(2A). Before understanding the penalty provisions of section 271(1)(b) we shall take a brief overview of provisions of section 142(1), 142(2A) and section 143(2).

Under section 142(1), the Assessing Officer can issue notice asking the taxpayer

- to file the return of income if he has not filed the return of income or to produce or cause to be produced such accounts or documents as he may require or
- to furnish in writing and verified in the prescribed manner, information in such form and on such points or matters (including a statement of all assets and liabilities of the taxpayer, whether included in the accounts or not) as he may require.

Section 142(2A) deals with special audit. As per section 142(2A), if the conditions justifying special audit as given in section 142(2A) are satisfied, then the Assessing Officer can direct the taxpayer to get his accounts audited or re-audited from a chartered accountant nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

Section 143(2) deals with the provisions relating to the issuance of notice before conducting a scrutiny assessment under section 143(3).

If the taxpayer fails to comply with notice issued to him under section 142(1) or section 143(2) or fails to comply with a direction issued under section 142(2A), then as per section 271(1)(b) he shall be liable for a penalty of Rs. 10,000 for each failure.





Penalty for concealment of income or furnishing inaccurate particulars of income

Many times a taxpayer may try to reduce his tax liability by concealing his income or by furnishing inaccurate particulars of his income. In such a case, by virtue of section 271(1)(c), the taxpayer will be held liable to pay penalty under section 271(1)(c) for concealing his income or for furnishing inaccurate particulars of income.

As per section 271(1)(c) the taxpayer shall be liable to pay penalty which could be 100% to 300% of the tax evaded or sought to be evaded by concealing his income or furnishing inaccurate particulars of income.

Penalty for failure to keep, maintain, or retain books of account, documents, etc., as required under section 44AA

For the purpose of Income-tax Act, a taxpayer is required to maintain the books of account as provided in section 44AA. If the taxpayer fails to maintain books of account as per the provisions of section 44AA, then he shall be liable to pay penalty under section 271A. Penalty under section 271A is Rs. 25,000.

Penalty for failure to keep and maintain information and document etc.in respect of international transaction or specified domestic transaction

Section 92D provides that every person entering into an international transaction or specified domestic transaction shall keep and maintain such information and documents as may be prescribed in this regard under rule 10D. The Income-tax Authority may require the taxpayer to produce these documents. On such demand by the Income-tax Authority, the taxpayer has to provide these documents within a period of 30 days or such extended period as may be allowed by the tax authorities. These documents should be maintained for a period of 8 years from the end of the relevant assessment year.

The provisions relating to penalty for failure to keep and maintain information and documents in respect of international transaction or specified domestic transaction are given in section 271AA. Penalty under section 271AA is attracted in the case of any of the following failures:

- 1) If a person fails to keep and maintain information and documents in respect of international transaction or specified domestic transaction as provided in section 92D read with rule 10D.
- 2) If a person fails to report the international transaction or specified domestic transaction which he is required to do so.
- 3) If a person maintains or furnishes an incorrect information or document in respect of international transaction or specified domestic transaction.

Penalty will be a sum equal to 2% of the value of each international transaction or specified domestic transaction entered into by the taxpayer.

Penalty in case of search

To unearth the undisclosed income, tax authorities generally conduct search at the premises of the taxpayer. Section 132 provides the circumstances in which the tax





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authorities can initiate a search. If a search has been initiated and any undisclosed income is unearthed in the search, then penalty can be levied under section 271AAB. The quantum of penalty under section 271AAB shall be as follows:

- 1) 10% of undisclosed income of the specified previous year if taxpayer admits the undisclosed income, substantiates the manner in which such income was derived, and on or before the specified date pays the tax, together with interest thereon and furnishes the return of income for the specified year declaring such undisclosed income.
- 2) 20% of undisclosed income of the specified previous year if taxpayer does not admit the undisclosed income, but on or before the specified date declares such income in the return of income furnished for the specified previous year and pays the tax, together with interest thereon.
- 3) Minimum 30% and maximum 90% of undisclosed income of the specified previous year, if it is not covered by (1) or (2) discussed earlier.

Failure to get accounts audited or furnish a report of audit as required under section 44AB

Section 44AB prescribes when the accounts of the taxpayer are to be audited. If a taxpayer, in spite of the requirement of section 44AB, fails to get his accounts audited, then he can be held liable for penalty under section 271B. Penalty under section 271B will be levied for failure to get the accounts audited or failure to furnish a report of audit as required under section 44AB. Penalty shall be one-half per cent of total sales, turnover or gross receipts, etc., or Rs. 1,50,000, whichever is less.

Penalty for failure to furnish a report from an accountant as required by section 92E

Section 92E provides that every person entering into an international transaction or specified domestic transaction shall obtain a report from a chartered accountant in the prescribed form and shall furnish the same on or before the date prescribed in this regard. If a taxpayer fails to do so, then he shall be liable to pay penalty under section 271BA. Penalty under section 271BA for failure to furnish a report from a chartered accountant as required by section 92E is Rs. 1,00,000.

Penalty for failure to deduct tax at source, wholly or partly or failure to pay wholly or partly tax under section 115-O(2)

If a person who is required to deduct tax at source as required by or under the provisions of chapter XVII-B fails to deduct the tax, then he can be held liable to pay penalty under section 271C.

Section 115-O provides that a company has to pay dividend distribution tax on the dividends distributed by it. If the company fails to pay the dividend distribution tax, then it can be held liable to pay penalty under section 271C.

Penalty under section 271C shall be levied of an amount equal to tax not deducted (in case of TDS) or tax not paid (in case of dividend distribution tax).





Penalty for failure to pay tax in respect of winning from lottery or crossword puzzle

The section 194B provides that the person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort in an amount exceeding [ten thousand rupees], shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

Second proviso to section 194B provides that in a case where the winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the winnings.

If any person fails to pay whole or part of the tax as required under second proviso to section 194B than, such person shall be liable to pay penalty of an amount equal to tax not paid.as per section 271C.

Penalty for failure to collect tax at source

Similar to the provisions of tax deducted at source, section 206C provides certain items in respect of which tax is to be collected at source by the person receiving payment in respect of certain specified items. If the person required to collect tax at source fails to collect the tax, then he shall be liable to pay penalty under section 271CA. Penalty shall be levied of an amount equal to tax not collected.

Taking or accepting certain loans and deposits in contravention of provisions of section 269SS

Section 269SS provides that no person shall take or accept loan or deposit exceeding Rs. 20,000 by any mode other than account payee cheque or account payee demand draft or use of electricity clearing system through a bank account. Contravention of the provisions of section 269SS will attract penalty under section 271D. Penalty under section 271D shall be levied of an amount equal to loan or deposit taken or accepted.

Repaying loans or deposits in contravention of provisions of section 269T

Section 269T provides that no person shall repay any loan or deposit exceeding Rs. 20,000 by any mode other than account payee cheque or account payee demand draft in the name of the person who has made the loan or depositor by use of electricity clearing system through a bank account. Contravention of the provisions of section 269T will attract penalty under section 271E. Penalty under section 271E shall be a sum equal to loan or deposit repaid.

Penalty for failure to furnish the return of income

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 proviso to that sub-section, fails to furnish such return before the end of the relevant assessment year, than the assessing officer shall levy penalty of Rs.5000 under section 271F.In other words, penalty under section 271F is levied if the return of income is filed after the end of the assessment year. Thus, if the





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return of income is filed after the 'due date' prescribed under section 139(1) but before the end of the assessment year, then no penalty under section 271F is leviable.

Failure to furnish statement of financial transaction or reportable account (previously called as 'Annual Information Return (AIR)') as required under section 285BA(1)

Non-furnishing of statement of financial transaction or reportable account will attract penalty under section 271FA. Penalty shall be levied of Rs. 100 per day of default.

However, section 285BA(5) (as discussed earlier) empower the tax authorities to issue a notice to the person directing him to file the statement within a period not exceeding 30 days from the date of service of such notice and in such a case person shall furnish the statement within the time specified in the notice. If person fails to file the statement within the specified time, then a penalty of Rs. 500 per day shall be levied from the day immediately following the day on which the time specified in such notice for furnishing the statement expires. **Penalty for furnishing inaccurate statement of financial transaction or reportable account**

As per section 271FAA, if a prescribed reporting financial institution referred to in Section 285BA(1)(k) who is required to furnish statement of financial transaction or reportable account, 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 section 285BA(7) or is deliberate on the part of that person;
- (b) the person knows of the inaccuracy at the time of furnishing the statement but does not inform the prescribed income-tax authority or such other authority or agency;
- (c) the person discovers the inaccuracy after the statement is furnished and fails to inform and furnish correct information within a period of 10 days as specified under section 285BA(6),

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

* Rules in this regard are yet to be notified. **Failure to furnish any information or document as required by section 92D(3)**

As per section 92D(3) the tax authorities may, in the course of any proceeding under the Act, require any person who has entered into an international transaction or specified domestic transaction to furnish any information or document (as provided in section 92D read with rule 10D). Such information or document is to be produced within a period of 30 days from the date of receipt of a notice issued in this regard (the period can be extended for further 30 days by the tax authorities). Failure to comply with these provisions shall attract penalty under section 271G.

As per section 271G, if any person who has entered into an international transaction or specified domestic transaction fails to furnish any such information or document as





discussed above, then the tax authorities may direct that such person shall pay, by way of penalty, a sum equal to 2% of the value of the international transaction or specified domestic transaction for each such failure.

Penalty for failure to file the TDS/TCS return

As per section 271H, where a person fails to file the statement of tax deducted/collected at source i.e. TDS/TCS return on or before the due dates prescribed in this regard, then he shall be liable to pay penalty under section 271H. Minimum penalty shall be levied of Rs. 10,000 which can go upto Rs. 1,00,000. Penalty under section 271H will be in addition to late filing fee prescribed under section 234E.

Apart from delay in filing of TDS/TCS return, section 271H also covers cases of filing incorrect TDS/TCS return. Penalty under section 271H can also be levied if the deductor/collector files an incorrect TDS/TCS return.

No penalty will be levied under section 271H for the failure to file the TDS/TCS return, if the person proves that after paying tax deducted/collected by him, along with the fee and interest (if any), to the credit of the Central Government, he has filed the TDS/TCS return before the expiry of a period of one year from the due date of filing the TDS/TCS return. In other words, no penalty under section 271H will be levied in case of delay in filing the TDS/TCS return if following conditions are satisfied :

- 1) The tax deducted/collected at source is paid to the credit of the Government.
- 2) Late filing fees and interest (if any) is paid to the credit of the Government.
- 3) The TDS/TCS return is filed before the expiry of a period of one year from the due date specified in this behalf.

It should be noted that the above relaxation is applicable only in case of penalty levied under section 271H for the delay in filing of TDS/TCS return and not for filing in correct TDS/TCS return.

Failure to co-operate with the tax authorities

Many times the tax authorities requires any information from a person, in such a case, the tax authorities may request such person to answer questions raised by them or may require the person to sign the statements or may issue him a summon for his attendance. Failure to comply with these directions can attract penalty under section 272A(1). In other words, penalty under section 272A(1) shall be levied if a person refused or fails to:

- Answer questions
- Sign statement
- Attend office to give evidence or produce books of account, etc., in compliance with summons under section 131(1)

Penalty leviable under section 272A(1) is Rs. 10,000 for each failure/default.

Penalty under section 272A(2)



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Penalty under section 272A(2) is levied in respect of following defaults :

1. Failure to furnish requisite information in respect of securities as required under section 94(6). As per section 94(6) the tax authorities can issue notice asking the taxpayer to furnish the particulars of securities owned by him during the year.
2. Failure to give notice of discontinuance of business or profession as required under section 176(3) (within 15 days of discontinuance of business or profession).
3. Failure to furnish in due time returns, statements or certificates, deliver declaration, allow inspection, etc., under sections 133, 134, 139(4A), 139(4C), 192(2C), 197A, 203, 206, 206C, 206C(1A) and 285B.
4. Failure to deduct and pay tax under section 226(2).
5. Failure to file a copy of the prescribed statement within the time specified in section 200(3) or the proviso to section 206C(3) (up to 1-7-2012).
6. Failure to file the prescribed statement within the time specified in section 206A(1). Section 206A(1) deals with filing of quarterly return by banks, co-operative society, etc. in respect of payment of interest to residents without deduction of tax.

Penalty in above cases shall be levied at Rs. 100 per day for every day during which the default continues. In respect of penalty for failure, in relation to a declaration mentioned in section 197A, a certificate as required by section 203 and for default under section 200(3), 206 and 206C, the quantum of penalty shall not exceed the amount of tax deductible or collectible.

Penalty for failure to comply with provisions of section 133B

Section 133B empowers the tax authorities to enter the place of business of the taxpayer to collect information required by the authorities which will be useful under the Act. If the taxpayer fails to comply with the provisions of section 133B, then penalty shall be levied under section 272AA(1) upto Rs. 1,000.

Failure to comply with provisions of relating to Permanent Account Number (PAN)

272B provides penalty in case of default by the taxpayer in complying with the provisions of section 139A or knowingly quoting incorrect PAN in any document referred to in section 139A(5)(c) or intimates incorrect PAN for the purpose of section 139A (5A)/(5C).

1. Section 139A provides various provisions relating to obtaining of PAN and quoting of PAN by the taxpayer.
2. Section 139A(5)(c) provides for quoting of PAN by the taxpayer in certain prescribed financial transactions.
3. Section 139A(5A) provides for intimating PAN by the taxpayer to the person deducting tax at source (i.e. TDS).





4. Section 139A(5C) provides for intimating PAN by the taxpayer to the person collecting tax at source (i.e. TCS).

Penalty under section 272B is Rs. 10,000.

Failure to comply with provisions relating to Tax Deduction Account Number or Tax Collection Account Number

As per section 203A, every person deducting tax at source or collecting tax at source has to obtain the Tax Deduction Account Number or Tax Collection Account Number (as the case may be).

Section 203A(2) provides that the deductor or collector of tax at source should quote his Tax Deduction Account Number or Tax Collection Account Number (as the case may be) in the challans, certificates, statement and other documents relating to TDS/TCS. Section 272BB(1) provides for penalty for failure to obtain Tax Deduction Account Number or Tax Collection Account Number (as the case may be) and section 272BB(1A) provides for penalty for quoting incorrect Tax Deduction Account Number or Tax Collection Account Number (as the case may be). Penalty under section 272BB is Rs. 10,000.

Relaxation from penalty

Apart from designing penalty provisions, the Income-tax Act also contains provisions for granting relief from penalty in genuine / deserving cases. Relief can be granted in the following manner:

1. Under section 273A(4) the Principal Commissioner or Commissioner of Income-tax has power to waive or reduce any penalty levied under the Income-tax Act. Penalty can be waived or reduced by the Commissioner of Income-tax if the conditions specified in section 273A(4) in this regard are satisfied.
2. Apart from shelter of section 273A(4) as discussed earlier, section 273B also provides relief from penalty in genuine cases. As per section 273B, no penalty shall be levied under section 271(1)(b), 271, 271A, 271AA, 271B, 271BA, 271BB, 271C, 271CA, 271D, 271E, 271F, 271FA, 271FB, 271G, 271H, 272A(1)(c) or (d), 272A(2), 272AA(1), 272B, 272BB(1), 272BB(1A), 272BBB(1) or 273(2)(b) or (c), if the taxpayer proves that there was reasonable cause for such failure.





MCQ ON PENALTIES UNDER THE INCOME-TAX ACT

Q1. As per section 140A(1) any tax due (after allowing credit for TDS, advance tax, etc.) along with interest under section 234A, 234B and 234C (if any) should be paid before filing the return of income. Tax paid as per section 140A(1) is called._____.

- (a) Advance tax
- (b) Self assessment tax
- (c) Tax paid at source
- (d) Corporate tax

Correct answer : (b)

Justification of correct answer :

As per section 140A(1) any tax due (after allowing credit for TDS, advance tax, etc.) along with interest under section 234A, 234B and 234C (if any) should be paid before filing the return of income. Tax paid as per section 140A(1) is called 'self assessment tax'.

Thus, option (b) is the correct option.

Q2. Section 234E provides for levy of late filing fees for the delay in filing of _____

- (a) Return of income
- (b) TDS return
- (c) TCS return
- (d) TDS/TCS return

Correct answer : (d)

Justification of correct answer :

Section 234E provides for levy of late filing fees for the delay in filing TDS/TCS return.

Thus, option (d) is the correct option.

Q3. If the taxpayer fails to maintain books of account as per the provisions of section 44AA, then he shall be liable to pay penalty under section _____ of Rs. 25,000.

- (a) 271B
- (b) 271A
- (c) 271AA
- (d) 271AB

Correct answer : (b)

Justification of correct answer :

If the taxpayer fails to maintain books of account as per the provisions of section 44AA, then he shall be liable to pay penalty under section 271A. Penalty under section 271A is Rs. 25,000.

Thus, option (b) is the correct option.

Q4. If a taxpayer, in spite of the requirement of section 44AB, fails to get his accounts audited, then he shall be liable for penalty under section 271B of one-half per cent of total sales, turnover or gross receipts, etc., or _____, whichever is less.

- (a) Rs. 2,00,000
- (b) Rs. 1,50,000
- (c) Rs. 1,00,000
- (d) Rs. 50,000

Correct answer : (b)



Justification of correct answer :

Section 44AB prescribes when the accounts of the taxpayer are to be audited. If a taxpayer, in spite of the requirement of section 44AB, fails to get his accounts audited, then he shall pay penalty under section 271B. Penalty under section 271B will be levied for failure to get the accounts audited or failure to furnish a report of audit as required under section 44AB. Penalty will be one-half per cent of total sales, turnover or gross receipts, etc., or Rs. 1,50,000, whichever is less.

Thus, option (b) is the correct option.

Q5.Section 269SS provides that no person shall take or accept loan or deposit exceeding Rs. 50,000 by any mode other than account payee cheque or account payee demand drafter by use of electricity clearing system through a bank account. Contravention of the provisions of section 269SS will attract penalty under section 271D of an amount equal to loan or deposit taken or accepted.

(a) True

(b) False

Correct answer : (b)

Justification of correct answer :

Section 269SS provides that no person shall take or accept loan or deposit exceeding Rs. **20,000** by any mode other than account payee cheque or account payee demand drafter by use of electricity clearing system through a bank account. Contravention of the provisions of section 269SS will attract penalty under section 271D. Penalty under section 271D shall be levied of an amount equal to loan or deposit taken or accepted.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q6.If the return of income is filed after the end of the assessment year, then the Assessing Officer may levy penalty of _____ under section 271F.

(a) 10,000

(b) 5,000

(c) 2,500

(d) 1,000

Correct answer : (b)

Justification of correct answer :

If the return of income is filed after the completion of the assessment year, then the Assessing Officer may levy penalty of Rs. 5,000 under section 271F.

Thus, option (b) is the correct option.

Q7.Penalty under section 271FA shall be levied for failure to file statement of financial transaction or reportable account (previously called as Annual Information Return). Penalty under section 271FA is Rs. _____ for every day during which the failure continues.

(a) 500

(b) 250

(c) 100

(d) 50

Correct answer : (c)





Justification of correct answer :

Penalty under section 271FA shall be levied for failure to file statement of financial transaction or reportable account. Penalty under section 271FA is Rs. 100 for every day during which the failure continues.

Thus, option (c) is the correct option.

Q8. As per section 271H, where a person fails to file the statement of tax deducted/collected at source *i.e.* TDS/TCS return on or before the due dates prescribed in this regard, then he shall be liable to pay penalty under section 271H. Minimum penalty can be levied of Rs. 10,000 which can go upto Rs. _____.

- | | |
|--------------|--------------|
| (a) 1,00,000 | (b) 2,00,000 |
| (c) 3,00,000 | (d) 3,00,000 |

Correct answer : (a)

Justification of correct answer :

As per section 271H, where a person fails to file the statement of tax deducted/collected at source *i.e.* TDS/TCS return on or before the due dates prescribed in this regard, then he shall be liable to pay penalty under section 271H. Minimum penalty can be levied of Rs. 10,000 which can go upto Rs. 1,00,000. Penalty under section 271H will be in addition to late filing fee prescribed under section 234E.

Thus, option (a) is the correct option.

Q9. 272B provides penalty in case of default by the taxpayer in complying with the provisions of section 139A or knowingly quoting incorrect PAN in any document referred to in section 139A(5)(c) or intimates incorrect PAN for the purpose of section 139A(5A)/(5C). Penalty under section 272B is Rs. _____.

- | | |
|--------------|------------|
| (a) 1,00,000 | (b) 50,000 |
| (c) 50,000 | (d) 10,000 |

Correct answer : (d)

Justification of correct answer :

272B provides penalty in case of default by the taxpayer in complying with the provisions of section 139A or knowingly quoting incorrect PAN in any document referred to in section 139A(5)(c) or intimates incorrect PAN for the purpose of section 139A (5A)/(5C). Penalty under section 272B is Rs. 10,000

Thus, option (d) is the correct option.

Q10. Section 272BB(1A) provides for penalty for quoting incorrect Tax Deduction Account Number or Tax Collection Account Number (as the case may be). Penalty under section 272BB is Rs. _____.

- | | |
|------------|------------|
| (a) 75,000 | (b) 50,000 |
| (c) 10,000 | (d) 5,000 |

Correct answer : (c)

Justification of correct answer :



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Section 203A(2) provides that the deductor or collector of tax at source should quote his Tax Deduction Account Number or Tax Collection Account Number (as the case may be) in the challans, certificates, statement and other documents relating to TDS/TCS. Section 272BB(1) provides for penalty for failure to obtain Tax Deduction Account Number or Tax Collection Account Number (as the case may be) and section 272BB(1A) provides for penalty for quoting incorrect Tax Deduction Account Number or Tax Collection Account Number (as the case may be). Penalty under section 272BB is Rs. 10,000.

Thus, option (c) is the correct option.

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