

Date:08.04-2021

From
Nisha Modi
5-4-187/3 & 4, 2nd Floor,
Soham Mansion, M.G. Road,
Secunderabad – 500 003.

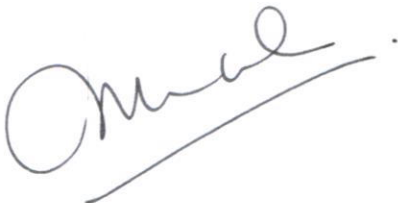
To
Assessing Officer,
National e-Assessment Centre,
Delhi.

Respected Sir/Madam,

Sub: Reply to Notice for penalty u/s.274 r.w.s. 270A of IT Act
Assessment year 2018-19 - PAN – CFXPM2333G – Reg.

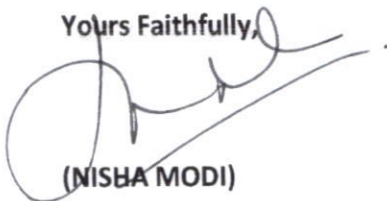
In connection with the above penalty notice the following reply is submitted for your kind consideration.

1. I have filed ITR for Assessment Year 2018-19 on 13-08-2018 declaring income of Rs.5,91,910/-.
2. The case was selected for scrutiny assessment. The case was selected for scrutiny to examine the issue related to foreign financial interest.
3. The assessment is completed u/s.143(3) vide Order dated 17-03-2021.
4. The income assessed is Rs.10,86,440/-.
5. There is addition of Rs. 4,94,532/- to the income returned.
6. The addition of Rs. 4,94,523/- comprises of an amount of Rs.3,64,392/- chargeable to tax under the provision of section 115BBE of IT Act and Rs. 1,30,140/- chargeable u/s 56 as Income from Other Sources.
7. For the addition of Rs.3,64,392/- which is chargeable to tax under the provision of section 115BBE 20a separate penalty proceedings are initiated u/s 274 r.w.s. 271AAC (1) and for Rs. 1,30,140/- chargeable u/s 56 as Income from Other Sources separate penalty proceedings are initiated u/s 274 r.w.s.270A. Thus, for two different nature of additions to income returned two separate penalty proceedings are initiated under two applicable provisions of the IT Act, 1961.
8. The addition of Rs. 1,30,140/- chargeable u/s 56 as Income from Other Sources is towards gift of US\$ 2000. The amount has been received as Gift from Mr. Sharad Kadakia. The gift confirmation letter dated 26-02-2021 is submitted in course of assessment proceedings.



9. Since this gift is received from a person who is not a relative of the assessee as per Sec.56(2)(vii) and also not on the occasion as specified in Sec.56(2)(vii) of the I. T. Act the said USD\$2000 (equivalent INR taken at Rs Rs. 1,30,140/-) the said amount is added to the income returned.
10. It is my submissions that the under-reporting has not in consequence of misreporting. The USD2000 that was arranged by my dad's cousin. I was under the bonafide belief that the same has been out of withdrawals from Forex card and out of sources of India. Further, the situation at that time was very tensed due to North American blizzard in January 2018. The storm originated on January 2018. I also landed around the same time. Several States including New York declared state of emergency. Most of the flights were cancelled and most ATMs were run out of cash. Under this circumstances my Dad's cousin Mr. Sharad Kadakia gave assistance of USD 2000 on the assumption that the storm will continue for several more days and I being new to the USA would face hardship without any cash on hand. An article on the North American blizzard in January 2018 is enclosed for your kind reference- **Annexure 1.**
11. Keeping in view the above submissions, circumstances and back ground of the transaction it is submitted that I have not misrepresented or suppressed any fact and neither recorded any false entry in the Books. The entry got recorded on the assumption that all the funds are received from India and credited to capital account as such. The only thing that perhaps would have been done that the amount should have been considered as gift and not from own sources from India. The accounts are made in India and it has been considered by him that the said deposit of USD2000 in New York Citi Bank account is from Forex Card account with HDFC and therefore as from Indian source. There has been never a malafide intention to suppress the fact and or make a false entry. Due to accounting error the gift from Mr. Sharad Kadakia did not get reported as taxable amount u/s 56 of IT Act.
12. It is submitted that the amount of Rs 1,30,140/- is under-reporting of income only and not out of the cases of misreporting falling under u/s 270A(9) of the I.T Act, 1961.

Yours Faithfully,



(NISHA MODI)