

## **Weak financial position of assessee - HC allows recovery proceedings to be kept in abeyance till disposal of appeal**

**Summary – The High Court of Kerala in a recent case of Panniyankara Service Co-operative Bank Kallai, (the Assessee) held that recovery proceedings should be kept in abeyance till disposal of appeal keeping in view the weak financial position of the assessee.**

### **Facts**

- A demand was imposed on assessee since it had accepted deposits from its members by cash in excess of Rs. 20,000, which was in contravention of the provisions of sections 269SS and 269T.
- The assessee filed stay application and on writ petition, it contended that its financial position was weak and it should be allowed to pay the demand upon disposal of the appeals.

### **Held**

- The HC held that while the amount demanded by lower authorities against the total penalty was reasonable for granting stay, but in the instant case the financial position of the assessee is weak and hence it is directed that the Commissioner (Appeals) should consider and pass orders in the said appeals within a period of three months from the date of receipt of a copy of the judgment, after hearing the assessee. Till such time the stay granted by this court, against recovery of the penalty amounts confirmed against the assessee, shall be kept in abeyance.