

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH: BANGALORE**

**BEFORE SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER  
AND  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

ITA No.358/Bang/2024
Assessment Year: 2017-18

Siddhanth Agency No.25 & 26A, Ground Floor Krishna Reddy Layout Domlur Bangalore 560 071  <b>PAN NO : ABAFS2465C</b>	<b>Vs.</b>	ITO Ward-1(2)(3) Bangalore
<b>APPELLANT</b>		<b>RESPONDENT</b>

<b>Appellant by</b>	:	Shri Pranav Krishna, A.R.
<b>Respondent by</b>	:	Shri D.K. Mishra, D.R.

<b>Date of Hearing</b>	:	25.04.2024
<b>Date of Pronouncement</b>	:	30.04.2024

**O R D E R**

**PER SOUNDARARAJAN K., JUDICIAL MEMBER:**

This is an appeal filed against the order of CIT(A)/NFAC passed u/s 250 of the Income Tax Act, 1961 (in short “The Act”) for the assessment year 2017-18 dated 1.1.2024.

**2.** Brief facts of the case are that the assessee is a firm carrying on the business of Cosmetics & Pharmaceuticals and during the assessment year 2017-18, the assessee declared a total income of Rs.8,23,854/-, which was originally accepted by the ld. AO. Thereafter, the case of the assessee was selected for scrutiny assessment under CASS and intimation u/s 143(2) & 142(1) of the Act were issued seeking the explanations about the cash deposited during the demonetization period and the details about the sundry creditors and unsecured loans. The assessee filed its reply which

was not accepted by the ld. AO and the ld. AO had determined the total income at Rs.8,53,61,086/-.

**2.1** Being aggrieved with the order of the ld. AO, the assessee preferred an appeal before the ld. CIT(A), which was subsequently migrated to the NFAC. The NFAC also issued notices seeking written submissions of the assessee but the assessee not replied to any such notices. Therefore, the ld. CIT(A)/NFAC had decided the appeal ex-parte and rejected the same. As against the said appellate order, the assessee is before us by contending that the hearing notices were sent to the mail IDs of its auditors/accountant, who previously handled the accounting and taxation filing of the assessee. Subsequently, in view of the closure of the business, the services of the earlier auditor/accountant was not availed and in fact retainer fees were not paid to them. Therefore, the said auditor/accountant have not brought to the knowledge of the assessee about the hearing notices issued by the ld. CIT(A)/NFAC and therefore, the assessee was not able to file the written submissions and appear before the appellate authority. It is also contended by the ld. A.R. for the assessee that only after the dismissal order was received by the auditor/accountant, they bring it to the knowledge of the assessee about the same and thereafter the present appeal has been filed before this Tribunal. The assessee further contended that they are having a case on merits and if one more opportunity is granted, they will appear before the ld. CIT(A)/NFAC and demonstrate that the additions made by the ld. AO is not correct.

**3.** We have heard the rival submissions and perused the materials available on record. As seen from the appellate order, admittedly, the order has been passed ex-parte without hearing the assessee. The reasons stated by the assessee for not responding to the various hearing notices are also seems to be reasonable and in order to render substantial justice, we accept the explanations offered by the assessee and thereby setting aside the order of the

CIT(A)/NFAC and direct the CIT(A)/NFAC to decide the appeal afresh on merits after giving sufficient opportunity of being heard to the assessee. It is also made clear that the assessee should also cooperate and without seeking any further adjournments, they have to complete the appeal at the earliest.

**4.** In the result, appeal of the assessee is partly allowed for statistical purposes.

Order pronounced in the open court on 30<sup>th</sup> Apr, 2024

**Sd/-**  
**(Laxmi Prasad Sahu)**  
**Accountant Member**

**Sd/-**  
**(Soundararajan K.)**  
**Judicial Member**

Bangalore,  
Dated 30<sup>th</sup> Apr, 2024.  
VG/SPS

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The DR, ITAT, Bangalore.
5. Guard file

By order

**Asst. Registrar,**  
**ITAT, Bangalore.**