

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

**BEFORE SHRI CHANDRA POOJARI, ACCOUNTANT MEMBER
AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No.601/Bang/2024 & SP No.21/Bang/2024 Assessment Year: 2020-21
--

Mullagolla Praneeth K.V., Plot No.161, Lane No.4 Champapet Karmanghat Opp Raising Star Play School Kamanghat Telangana 500 079 PAN NO : BGYPP5023R	Vs.	ITO Ward-1 & TPS Hospet
APPELLANT		RESPONDENT

Appellant by	:	Shri R.E. Balasubramanian, A.R.
Respondent by	:	Ms. Neera Malhotra, D.R.

Date of Hearing	:	13.05.2024
Date of Pronouncement	:	13.05.2024

O R D E R

PER CHANDRA POOJARI, ACCOUNTANT MEMBER:

This appeal by assessee is directed against order of NFAC for the assessment year 2020-21 dated 13.2.2024. The assessee has raised following revised grounds of appeal:

- 1. The impugned order is opposed to law and facts of the case insofar as it is prejudicial to the interest of the Appellant.*
- 2. The NFAC erred in confirming the additions made by the Ld. AO on the decrease in borrowings during the year without considering that the decrease in borrowings was merely due to transferring it to the Capital A/c of the Proprietor.*
- 3. The NFAC erred in confirming the addition made by the Ld. AO on the increase in capital during the year without considering that the increase in capital was out of known sources.*

4. *The NFAC erred in confirming the addition made by the Ld. AO by treating agricultural income earned by the Appellant as income from other sources without considering that the same has been accepted in the previous years and the Appellant had sufficient land holding to substantiate the agricultural income.*
5. *The NFAC erred in confirming the disallowance made by the Ld. AO on interest on loan paid by the Appellant without considering that the same was incurred in the ordinary course of the Appellant's business and for the furtherance of the same.*

2. The ld. A.R. submitted that the assessee was earlier residing at No.423/1, MKR House, Basaveshwara Badavane, near Sadashivreddy Nagar Hospet, Karnataka 583 201. The assessee discontinued his business activities in Hospet around the year 2016 and shifted to Telangana State. Presently, the Assessee is residing at Plot no 161 Lane no 4, Champapet Karmanghat, Opp Raising Star play school, Karmanghat, K.V. Rangareddy Telangana - 500079. However, the Assessee continued to be assessed at Hospet, Karnataka. The Assessee due to prolonged illness, requiring periodic hospitalisation was unable to update the address in the PAN database as well as attend to Income-tax matters. As such Assessee was also not in the position to seek proper professional advice. That the Assessee based on his own limited knowledge and with the help of a local tax consultant filed the present appeal before this Tribunal. The Assessee was not in a position to get expert Professional advice at the time of filing Form 36. It was only later when the Assessee engaged the professional counsel, the Assessee was advised about revising the grounds of appeal. That the failure to adopt these grounds in the original Form 36 was neither willful nor deliberate. Now the ld. A.R. for the assessee submitted that this revision of grounds of appeal is needed in the interest of justice and for presenting the case of the Assessee in the right perspective. An affidavit stating the facts to this effect is filed separately. Now,

therefore the ld. AR humbly requested us to take the above facts on record and permit him to take the rectified Grounds of Appeal.

2.1 Further, on the facts of the case, ld. A.R. submitted that order passed by ld. AO is ex-parte, wherein he has increased the income of the assessee from Rs.15,51,650/- to Rs.14,02,95,990/- by making following additions:

a)	Unexplained cash deposit	Rs.9,24,88,592
b)	Income from undisclosed source used for repayment of loan	Rs.3,79,77,185
c)	Misreporting of income	Rs.61,50,000/-

2.2 Against this, assessee went in appeal before ld. CIT(A) who has passed ex-parte order without participation of assessee. Hence, he prayed that the issue may be remitted to the file of ld. AO for fresh consideration.

3. The ld. D.R. strongly opposed the argument of ld. A.R. that assessee is not vigilant in pursuing the legal remedy. As such, the issues required to be decided on merit and not to be remitted back to the lower authorities.

4. We have heard the rival submissions and perused the materials available on record. In this case, assessment order was passed u/s 144 of the Act making very high-pitched addition. Later, order of the NFAC was also ex-parte as there was no participation of the assessee before first appellate authority. In view of this, in our opinion, assessee produced various medical records showing the ill health of the assessee during the assessment stage as well as first appellate stage. Being so, in the interest of justice, we remit the entire issue in dispute to the file of ld. AO for fresh consideration to decide the same after giving an opportunity of hearing to the assessee. At this stage, we refrain from commenting on the merit of the additions made by ld. AO sustained by NFAC.

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

6. Since we have disposed of the appeal itself, stay petition filed by the assessee is dismissed as infructuous.

Order pronounced in the open court on 13th May, 2024

Sd/-
(Keshav Dubey)
Judicial Member

Sd/-
(Chandra Poojari)
Accountant Member

Bangalore,
Dated 13th May, 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.