

**आयकर अपीलीय अधिकरण, विशाखापटणम पीठ, विशाखापटणम**

**IN THE INCOME TAX APPELLATE TRIBUNAL  
VISA KHAPATNAM "DIVISION" BENCH, VISA KHAPATNAM**

**श्री के.नरसिम्हा चारी, न्यायिक सदस्य एवं श्री एस बालाकृष्णन, लेखा सदस्य के समक्ष  
BEFORE SHRI K. NARASIMHA CHARY, HON'BLE JUDICIAL MEMBER**

**&**

**SHRI S BALAKRISHNAN, HON'BLE ACCOUNTANT MEMBER**

**आयकर अपीलसं./I.T.A.No.172/VIZ/2024  
(निर्धारण वर्ष/ Assessment Year: 2017-18)**

<b>Alladi Krishna Prasad</b> D.No. 3-73, Mandalaparru Nidamaru Mandal West Godavari – 534198 Andhra Pradesh  [PAN: BCJPA7058L] (अपीलार्थी/ Appellant)	v.	<b>Income Tax Officer – Ward – 1</b> Aayakar Bhawan D.No. 2-1-56/1 Opp. Punjab National Bank K.N. Road, Tadepalligudem – 534101 Andhra Pradesh  (प्रत्यर्थी/ Respondent)
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri M.V. Prasad, CA
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr.AparnaVilluri, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	03.02.2025
घोषणा की तारीख/Date of Pronouncement	:	13.02.2025

**आदेश /O R D E R**

**PER SHRI S BALAKRISHNAN, ACCOUNTANT MEMBER:**

1. This appeal is filed by the assessee against the order of Learned Commissioner of Income Tax (Appeals), National Faceless Appeal centre, Delhi [hereinafter in short "Ld.CIT(A)"] vide DIN & Order No. ITBA/APL/S/250/2023-24/1061718492(1) dated 29.02.2024 arising out of

order passed under section 144 of Income Tax Act, 1961 (in short 'Act') dated 23.12.2019 for the A.Y.2017-18.

2. Briefly stated facts of the case are that, assessee is an individual and on the basis of data collected by the Income Tax Department during online verification under 'Operation Clean Money', it came to the notice that assessee has deposited cash of Rs.39,34,800/- in his bank accounts during the Financial Year 2016-17 besides other credits through transfers/cheques at Rs.53,80,393/- as detailed in the assessment order at Page No. 2. Ld. Assessing Officer [hereinafter in short "Ld. AO"] noticed that assessee has not filed his return of income for A.Y 2017-18 under section 139 of the Act disclosing his income/loss reflecting and resulting to the said corresponding transactions. Accordingly, notice under section 142(1) was issued on 09.03.2018 and 16.03.2018 and duly served upon assessee. In response, assessee failed to furnish his return of income for A Y 2017-18 either under section 139 of the Act. i.e., on or before 31.07.2017 or to furnish Return of income within stipulated time limit in response to notice under section 142(1) of the Act. Further, Ld. AO issued a letter dated 21.08.2019 and requested assessee to furnish supporting documentary evidence duly explaining the sources for cash deposits in the above said bank(s) during the demonetization period. Thereafter, Ld. AO issued show-cause letter dated 20.09.2019 through e-mail and requested assessee to furnish the information as called for in earlier notices/letters and

asked to show cause why the said cash deposits made by the assessee during the demonetization period should not be treated as his undisclosed/unaccounted cash credits made in to his bank accounts. Further, Ld. AO issued show cause letter dated 04.12.2019 requesting the assessee to show cause as to why the total credits made in his bank accounts through transfers/cheques and cash deposits appeared in his bank accounts during the financial year 2016-17 relevant to the A.Y. 2017-18 should not be treated as unexplained and unaccounted money transactions. In response, assessee furnished a letter through ITBA Module on his source of cash deposits along with acknowledgement of copy of return of income filed on 11.12.2019 admitting an income of Rs.8,45,090/-. Ld. AO noticed that the return filed by the assessee is invalid under section 139 of the IT Act.

**3.** During the assessment proceedings, Ld. AO observed that assessee stated that assessee has cultivated agricultural products of chillies in an extent of Acres 14.50 which was taken on lease at Kaliepalli, khammam district and he is also a salaried employee working in M/s. Meghamani Industries and getting an annual salary of Rs.2,83,354/-. With regard to sources for cash deposits during the F.Y.2016-17 of Rs.39,34,800/- made by the assessee into his six different bank accounts held in Axis Bank and other credits of Rs.53,80,393/- by way of NEFT/RTGS/Cheques/DDs the assessee stated that the said total credits of Rs.93,15,193/- were part and parcel of his salary income and sale proceeds of

chillies and advances received from the Chillies buyers and hand loans of Rs.12,00,000/- taken from M/s. Sri Srinivasa Finance and Sri Gudiseti Nageswara Rao. In respect of hand loans taken by the assessee of Rs.12 lakhs, Ld. AO observed that assessee has not provided and supporting evidence such as confirmations from the said loan creditors. With regard to salary income of Rs.2,83,354/- the assessee has not furnished any salary certificate etc., as evidence. As well the assessee has not furnished any lease agreements with agricultural land owners in which he has cultivated chillies in Acres 14.50 as stated by the assessee vide his letter dated 10.12.2019. Further, the assessee has not furnished any supporting evidences for the quantity of crop grown by him and the sale value of chillies. Accordingly, Ld. AO proceeded to complete the assessment and determined the income of the assessee at Rs. 93,15,193/- by making an addition of Rs. 39,34,800/- under section 69A of the Act on account of cash deposits and Rs. 53,80,393/- under section 69A on account of credits.

4. On being aggrieved, assessee preferred an appeal before Ld. CIT(A) and filed his submissions and evidences. After considering the submissions of the assessee, Ld. CIT(A) dismissed the appeal of the assessee.

5. On being aggrieved, assessee preferred an appeal before the Tribunal and raised following grounds of appeal: -

*“1. On the facts and in the circumstances of the case, the order passed by the learned C.I.T (Appeals) u/s 250 of the IT Act is bad in law as well as facts.*

2. *On the facts and circumstance of the case, the Learned CIT(A) is not justified in confirming the assessment made by the Assessing Officer even though the assessment was converted into limited scrutiny in order to verify the deposits made under Operation Clean Money, the Assessing Officer travelled beyond his jurisdiction by bringing entire cash and credit deposits in the bank account along with the deposits made during the demonetization period without converting such limited scrutiny into a large scrutiny. Hence the Learned CIT(A) is not justified in non consideration of the additional legal ground made in ground No.7 i.e., "The Learned Assessing Officer is not correct in bringing both cash and credit entries in the bank accounts as taxable income of the appellant and thus travelled beyond his jurisdiction."*

3. *On the facts and circumstances of the case, the Learned CIT(A) is not justified in confirming the addition made by the Assessing Officer of Rs.39,34,800/- by treating the cash deposits in the bank account as unexplained money u/s.69A of the I.T.Act.*

4. *On the facts and circumstances of the case, the Learned CIT(A) is not justified in confirming the addition made by the Assessing Officer of Rs.53,80,393/- by treating the credits in the bank account as unexplained money u/s.69A of the I.T.Act.*

5. *On the facts and circumstances of the case, the Learned CIT(A) is not justified in dismissing the appeal on the pretext that no evidences were furnished in support of grounds of appeal while submitting the writtensubmissions even though the same were duly submitted to the CIT(A), Rajahmundry manually before faceless scheme.*

6. *On the facts and circumstances of the case, it is thus prayed that one more opportunity may kindly be allowed for submission of evidences in support of the written submissions made on the appeal grounds keeping in view the principles of natural justice.*

7. *On the facts and circumstances of the case, the Learned CIT(A) ought to have appreciated that assessment was finalised without issue of Notice u/s. 143(2) of the I.T.Act even though a return of income was filed in response to the notice issued u/s.142(1) of the I.T.Act and hence would have adjudicated that the assessment made is bad in law.*

8. *Any other ground or grounds that may be urged at the time of hearing."*

6. At the outset, Ld. Authorised Representative [hereinafter "Ld.AR"] submitted that Ld. AO passed exparte order without providing adequate opportunity of being heard to the assessee. Further, Ld.AR submitted that

during the Appellate Proceedings, Ld. CIT(A) has dismissed the appeal observing that no evidences were furnished in support of grounds of appeal. In this regard, Ld.AR submitted that evidences were duly submitted to the CIT(A), Rajahmundry manually before faceless scheme and the same are not considered by the Ld. CIT(A) while dismissing the appeal of the assessee. Ld.AR therefore pleaded that the one more opportunity may kindly be allowed for submission of evidences in support of the written submissions made on the appeal grounds.

7. On the other hand, Ld. Departmental Representative [hereinafter in short “Ld. DR”] relied on the order of the Ld.CIT(A) and submitted that assessee has not utilized the opportunity provided by Ld.CIT(A). Further, Ld. DR agreed to remit the matter back to the file of Ld.CIT(A).

8. We have heard both the side and perused the material available on record. On a perusal of the Ld. AO, order, it is observed that eventhough the Ld. AO provided opportunity on several occasions, assessee could not appear nor complied to the notices issued. In the Appellate Proceedings, Ld. CIT(A) observed that apart from salary slips and two promissory notes of Rs. 5,00,000/- each, assessee has not submitted any evidence that he was earning agricultural income and dismissed the appeal of the assessee in the absence of supporting evidence. Before us, Ld.AR submitted that evidences were duly submitted to the CIT(A), Rajahmundry manually before faceless scheme and the same are not considered by the Ld. CIT(A) and prayed for one more opportunity in the

interest of justice. Considering the prayer of the Ld.AR and totality of facts and keeping in view the additions / disallowance made by the Assessing Officer, following the principles of natural justice we are of the opinion that assessee shall be given one more opportunity to submit evidences substantiating his claim. Therefore, considering the facts and circumstances of the case and in order to meet the principles of natural justice, we are of the view that it is a fit case to remit the matter back to the file of the Ld. CIT(A) for fresh consideration by providing one more opportunity to the assessee and at the same breath we direct the assessee to cooperate with the proceedings before the Ld.CIT(A) without seeking unnecessary adjournments. Ld. CIT(A) is directed to call for remand report from the Ld. AO and decide the case on merits in accordance with law. Thus, the grounds raised by the assessee are allowed for statistical purposes.

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

Order pronounced in the open court on 13<sup>th</sup> February, 2025.

Sd/-

(के.नरसिम्हा चारी)

(K.NARASIMHA CHARY)

न्यायिक सदस्य/JUDICIAL MEMBER

Dated: 13.02.2025

Giridhar, Sr.PS

Sd/-

(एस बालाकृष्णन)

(S. BALAKRISHNAN)

लेखा सदस्य/ACCOUNTANT MEMBER

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :-

1. निर्धारिती/ The Assessee : **Alladi Krishna Prasad**  
D.No. 3-73, Mandalaparru  
Nidamarru Mandal  
West Godavari – 534198  
Andhra Pradesh
2. राजस्व/ The Revenue : **Income Tax Officer – Ward – 1**  
Aayakar Bhawan  
D.No. 2-1-56/1  
Opp. Punjab National Bank  
K.N. Road, Tadepalligudem – 534101  
Andhra Pradesh
3. The Principal Commissioner of Income Tax
4. विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण, विशाखापटणम /DR,ITAT, Visakhapatnam
5. The Commissioner of Income Tax
6. गार्डफ़ाईल / Guard file

//True Copy//

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Visakhapatnam