

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN BENCH**

**BEFORE SHRI INTURI RAMA RAO, AM**

**ITA No. 912/Coch/2023  
Assessment Year: 2016-17**

Narayanan Mukundan ..... Appellant  
Mukunda Niwas, Attingal P.O.  
Thiruvananthapuram 695101  
[PAN: BDMPM7286A]

vs.

The Income Tax Officer ..... Respondent  
Ward - 1(3), Thiruvananthapuram

Appellant by: ----- None -----  
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 12.03.2025  
Date of Pronouncement: 27.03.2025

**ORDER**

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 23.10.2023 for Assessment Year (AY) 2016-17.

2. Brief facts of the case are that the appellant is a non-resident Indian. No regular return of income under the provisions of section 139(1) of the Income Tax Act, 1961 (the Act) was filed for AY 2016-17. However, based on the information available on AIMS/Insights portal that the appellant had received maturity proceeds of Life Insurance policy in India, a notice u/s. 148 of the Act was issued on 30.03.2021. In

response to the notice, the appellant filed return of income on 31.05.2021 disclosing income of Rs. 86,590/-. Against the said return of income, the assessment was completed by the Income Tax Officer, Ward - 1(3), Thiruvananthapuram (hereinafter called "the AO") vide order dated 29.03.2022 passed u/s. 147 r.w.s. 144B of the Act at a total income of Rs. 12,74,680/-. While doing so, the AO brought to tax the difference of surrender value of life insurance policy on premature withdrawal and the amount paid, since the annual premium paid is more than 20% of the sum assured.

3. Aggrieved, who vide the impugned order confirmed the action of the AO.

4. Being aggrieved, the appellant is in appeal before the Tribunal in the present appeal.

5. When the appeal was called on nobody appeared on behalf of the assessee despite due service of notice of hearing. Therefore, we proceeded to dispose of the appeal after hearing the learned Sr. DR.

6. From the grounds of appeal filed before this Tribunal, it will be clear that the appellant is seeking relief on the ground that the maturity proceeds of the life insurance is chargeable under the head "capital gains". I have carefully perused the orders passed by the lower authorities. Provisions of section 10(10D) of the Act make it clear that any sum received under insurance policy in respect of which the premium payable for any of the years during the term of policy exceeds 20% of the sum assured, is taxable under the income Tax Act. A perusal

of the orders of the lower authorities it is clear that the AO as well as the CIT(A) had no discussed the terms life insurance policy. It is not clear whether the premium paid exceeds 20% of the sum assured or not. Therefore, I am of the considered view that in order to determine the true nature of the receipt the matter requires remand to the file of the AO for de novo assessment in accordance with law.

7. In the result, the appeal filed by the assessee stands partly allowed.

8. Order pronounced in the open court on 27<sup>th</sup> March, 2025.

Sd/-  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Cochin, Dated: 27<sup>th</sup> March, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar  
ITAT, Cochin