

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'B' Bench, Hyderabad

BEFORE SHRI RAVISH SOOD, JUDICIAL MEMBER AND
SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER

आ.अपी.सं / **ITA No.1078/Hyd/2024**
(निर्धारण वर्ष / Assessment Year: 2015-16)

Shri Marreddy Mekala, Warangal. PAN:CHEPM2914C	Vs.	Income Tax Officer, Ward-1, Warangal.
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:		Smt. S. Sandhya, Advocate
राजस्व द्वारा / Revenue by::		Dr. Sachin Kumar, SR-DR
सुनवाई की तारीख / Date of hearing:		24/04/2025
घोषणा की तारीख / Pronouncement:		06/05/2025

आदेश/ORDER

PER MADHUSUDAN SAWDIA, A.M.:

This appeal is filed by Shri Marreddy Mekala ("the assessee"), feeling aggrieved by the order passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), dated 02.09.2024 for the A.Y. 2015-16.

2. The assessee has raised following grounds of appeal:

1. The order of the NFAC/CIT(A) is erroneous both in law and on the facts and circumstances of the case.
2. The order was passed ex-parte without providing proper opportunity to the assessee to explain the sources for the cash deposits appearing in his bank account.

3. The NFAC/CIT(S) should have set aside/quashed the impugned assessment order dated 20.03.2024 passed under Section 147 read with Sections 144 and 144B, since the statutory notice under Section 148 dated 25.04.2022 was barred by limitation as per the first proviso to Section 149.
4. The notice dated 27.03.2022 issued under Section 148A(b), the order dated 24.04.2022 passed under Section 148A(d), and the notice dated 25.04.2022 issued under Section 148 for the A.Y.2015-16 were issued/passed by the Jurisdictional Assessing Officer (JAO) instead of the Faceless Assessing Officer (FAO) in violation of provisions of Section 151A. Covered in favour of assessee and against revenue by Hon'ble Jurisdictional High Court Decision [2023] 295 taxman 652 (Telangana) Kankanala Ravindra Reddy v. ITO.
5. The reopening proceedings were initiated on unfounded reasoning as the cash deposits appearing in the bank accounts to be explained by the assessee were below Rs.50 lakh, and therefore, the JAO wrongly assumed jurisdiction in contravention of Section 149(1)(b).
6. The notice dated 27.03.2022 issued under Section 148A(b) did not contain the full details of information, including the bank account number, which contravenes the provisions of Section 148A(b).
7. There were deviations in the quantification of income escaped mentioned in the notice issued under Section 148A(b), the order passed under Section 148A(d), and the assessment order passed under Section 147 read with Section 144. This demonstrates a non-application of mind by the Assessing Officer while analyzing the material on record and forming a belief based on such material, which is mandatory for initiating reopening proceedings

8. The assessee had not maintained regular books of accounts during the previous year relevant to the A.Y.2015-16 due to the absence of any business carried on. Hence, in the absence of any books of account maintained, the provisions of Section 69A cannot be applied to treat the cash deposits appearing in the bank account as unexplained money.

9. Any other grounds that may be urged at the time of the hearing with the leave of the Hon'ble National Faceless Appeal Centre.

3. The brief facts of the case are that the assessee did not file its return of income u/s 139(1) of the Income Tax Act,1961 (" the Act") for the A.Y. 2015–16. Subsequently, notice u/s 148 of the Act was issued by the learned Assessing Officer ("Ld. AO") on 25.04.2022. After considering the submissions filed by the assessee, the Ld. AO completed the assessment u/s 147 read with sections 144 and 144B of the Act on 20.03.2024, determining the total income at Rs. 93,79,971.

4. Aggrieved by the order of Ld. AO, the assessee filed appeal before the Ld. CIT(A). Before Ld. CIT(A), the assessee raised legal ground challenging the validity of the notice issued u/s 148 of the Act as well as grounds on the addition of Rs. 93,79,971 made by the Ld. AO. However, the assessee failed to comply with the notices issued by the Ld. CIT(A). Consequently, the Ld. CIT(A) dismissed the appeal of the assessee.

5. Aggrieved with the order of Ld. CIT(A), the assessee has filed the present appeal before us, primarily raising two issues:

(i) the validity of the notice issued u/s 148 of the Act, and

(ii) the addition of Rs. 93,79,971 made by the Ld. AO in the reassessment order.

6. Before us, the learned Authorised Representative (“Ld. AR”) submitted that although the assessee could not comply with the notices before the Ld. CIT(A), the Ld. CIT(A) was still required to pass a speaking order, dealing with the issues raised in the appeal. The Ld. AR submitted that the order of the Ld. CIT(A) suffers from a legal infirmity, as it does not adjudicate the specific legal ground regarding the validity of the notice u/s 148 of the Act. It was further submitted that the Ld. CIT(A) dismissed the appeal in a summary manner without dealing with the merits of the case or recording any reasoned findings.

7. The Ld. AR therefore prayed that the matter may be remanded to the file of the Ld. CIT(A) for fresh adjudication, with a direction to pass a speaking order after providing due opportunity of hearing to the assessee.

8. Per contra, the learned Departmental Representative (“Ld. DR”) opposed the prayer for remand and submitted that sufficient opportunity had already been granted by the Ld. CIT(A), and the assessee failed to comply with the notices issued. Therefore, no further opportunity should be given.

9. We have heard the rival submissions and perused the material available on record. The Ld. AR has submitted that the Ld. CIT(A) failed to pass a speaking order and did not adjudicate the specific ground challenging the validity of the notice issued u/s 148 of the Act. We have gone through the impugned appellate order and on perusal of the same, we find that the Ld. CIT(A) has not recorded any findings or reasons on any of the grounds raised by the assessee. The order is non-speaking in nature and merely states that the appeal is being dismissed for non-compliance.

10. It is a settled principle of law that the appellate authority is required to dispose of an appeal by passing a reasoned and speaking order, especially

when a legal ground regarding jurisdiction, such as the validity of notice u/s 148 of the Act has been specifically raised.

11. Accordingly, we deem it appropriate to set aside the impugned order of the Ld. CIT(A) and remand the matter to his file with the direction to adjudicate the grounds raised by the assessee afresh, by passing a speaking and reasoned order after affording due opportunity of being heard to the assessee.

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

Order pronounced in the open Court on 6th May, 2025.

Sd/-

(RAVISH SOOD)
JUDICIAL MEMBER

Sd/-

(MADHUSUDAN SAWDIA)
ACCOUNTANT MEMBER

Hyderabad.

Dated: 06.05.2025.

** Reddy gp*

Copy of the Order forwarded to :

1.	Shri Marreddy Mekala, 10-57, Kanchana Pally, Raghunath Pally, Warangal-506244 Telangana.
2.	ITO, Ward 1, Warangal.
3.	Pr.CIT, Hyderabad.
4.	DR, ITAT, Hyderabad.
5.	Guard file.

BY ORDER,