

**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH : BANGALORE**

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

ITA No. 202/Bang/2025
Assessment Year : 2018-19

Sri Amaravathi Basavana Gowda, 15 th Ward, Chandamouleswar Temple Road, New Amaravathi Hospet, Hospet – 583 201. PAN: AMBPB4788K	Vs.	The Income Tax Officer, Ward – 1 & TPS, Hospet.
APPELLANT		RESPONDENT

Assessee by	:	Ms. Sheela M G, Advocate
Revenue by	:	Shri Balusamy, JCIT-DR

Date of Hearing	:	15-05-2025
Date of Pronouncement	:	30-05-2025

ORDER

PER SOUNDARARAJAN K., JUDICIAL MEMBER

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 05/12/2024 in respect of the A.Y. 2018-19 and raised the following grounds:

*“1. Legality of Orders Passed
The orders passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi ("CIT(A), NFAC") under Section 250 of the Income Tax Act, 1961 ("the Act") and by the learned Assessing Officer under Section 147 of the Act suffer from legal infirmities, procedural irregularities, and violations of the principles of*

natural justice. Consequently, they are bad in law and liable to be quashed.

Addition of 248,92,254 under Section 69A — Unexplained Cash Deposits

2. Erroneous Addition

The learned Assessing Officer erred in making an addition of 248,92,254 under Section 69A of the Act on account of alleged unexplained nature and source of cash deposits and the learned CIT(A), NFAC erred in confirming the same. Further, the learned CIT(A), NFAC erred in confirming the said addition.

3. Violation of Principles of Natural Justice

The learned Assessing Officer erred in making the impugned addition based on mere assumption and presumption, in violation of the principles of natural justice.

4. Summary Confirmation of Addition

The learned CIT(A), NFAC erred in confirming the impugned addition summarily without duly considering or examining the background of the appellant.

5. Unjustified and Unlawful Addition

On the facts and circumstances of the case and the applicable law, the addition of 248,92,254 under Section 69A on account of alleged unexplained cash deposits is against the principles of natural justice, bad in law and liable to be quashed.

Dismissal of Appeal for Non-Attendance

6. Erroneous Dismissal of Appeal

The learned CIT(A), NFAC erred in dismissing the appeal and confirming the impugned addition of 248,92,254 under Section 69A of the Income Tax Act, 1961 without affording proper opportunity of being heard.

7. Lack of Consideration for Appellant's Circumstances

The learned CIT(A), NFAC failed to appreciate that the appellant is an illiterate and agriculturist and was unaware of the notices and opportunities provided, which were directly communicated only to the consultant of the appellant.

8. Legal Invalidity of the Appellate Order

In view of the above, the appellate order passed by the learned CIT(A), NFAC is legally unsustainable and is liable to be set aside.

Levy of Interest under Sections 234A, 234B and 234F

9. Incorrect Levy of Interest

On the facts and circumstances of the case and the applicable law, the levy of interest under Sections 234A, 234B and 234F is erroneous. The learned Assessing Officer has incorrectly levied interest of Z17,81,394 under Section 234A, 222,74,120 under Section 234B and Z10,000 under Section 234F which the appellant denies any liability to pay.

PRAYER

10. Relief Sought

In view of the foregoing grounds and such additional grounds as may be raised at the time of hearing, the appellant respectfully prays that:

- The orders passed by the learned CIT(A), NFAC under Section 250 of the Act and by the learned Assessing Officer under Section 147 of the Act be quashed; or*
- In the alternative, the addition of 248,92,254 made under Section 69A and the consequential levy of demand and interest be deleted.*

11. Reservation of Rights

Each of the above grounds is independent and without prejudice to one another. The appellant craves leave to add, alter, modify, substitute, or amend the grounds of appeal before or at the time of hearing, to facilitate the adjudication of the appeal in accordance with law.

The appellant prays accordingly.”

2. The assessee being an individual trading in the agricultural products in a village and he has not filed any return of income. The department based on the information that the assessee had deposited cash in his accounts Rs. 53,17,670/-, had issued notice u/s. 148 of the Act. Thereafter, the assessee filed his return of income on 07/07/2022. Subsequently, notices were issued u/s. 143 and 142 but the assessee had not responded to any of the notices. Thereafter, a show cause notice was issued on 21/02/2023 for which also the assessee had not filed any response. In the

return of income filed by the assessee, the assessee had reported a total income of Rs. 4,93,320/- on presumptive basis. In support of his case that he is doing trading in agricultural products, the assessee had not filed any supporting documents and therefore the assessing officer had treated the said deposits as unexplained money u/s. 69A of the Act. As against the said order, the assessee filed an appeal before the Ld.CIT(A) and contended that the income of the assessee is only Rs. 4,93,320/- which was calculated on the turnover of Rs. 53,17,670/- u/s. 44AD of the Act. The assessee also enclosed the bank account statements, reconciliation of the deposits made in the said bank and the computation of statement of total income for the A.Y. 2018-19 and prayed that the said income declared by the assessee may be accepted. The assessee also filed the confirmation letters given by the persons about the payment of cash to the assessee. The Ld.CIT(A) had decided the appeal based on the documents submitted by the assessee and confirmed the addition made by the AO u/s. 69A of the Act because the assessee had not furnished any documentary evidence to prove that he is actually carrying out trading activity and the source of cash deposited was out of such sales. As against the said order, the assessee is in appeal before this Tribunal.

3. At the time of hearing, the Ld.AR submitted that the assessee being a person hailing from a small village and also carried out the trading of agricultural products in a small way, he has no knowledge about the various procedures prescribed under the Statute and also because of his ill health, he was not able to furnish the various documents in support of his case and prayed that one more opportunity may be granted to furnish the documentary evidences before the AO. The assessee undertook to file the necessary documents before the AO.

4. The Ld.DR relied on the orders of the lower authorities.

5. We have heard the arguments of both sides and perused the materials available on record.

6. After going through the assessment order, we came to know that it is a reopening of assessment based on the cash deposits made into the assessee's bank accounts. The assessee also filed his return of income pursuant to the notice issued u/s. 148 of the Act. No doubt he has also filed the copies of the bank statements and the reconciliation of the entries and also the computation of the total income. Apart from that he has neither responded to the notices issued u/s. 143 and 142 of the Act nor filed any documentary evidences in support of his claim that he is doing the activities of trading in agricultural products. It seems that before the Ld.CIT(A), the assessee had filed the said documents but we are not able to find whether the assessee was heard in person or filed his written submissions in support of the grounds of appeal. The order of the Ld.CIT(A) also not specifically stated about the opportunities granted to the assessee as well as about the filing of written submissions. In para no. 3 of the appeal order, the Ld.CIT(A) had observed that the appellant has filed written submissions in the e-filing portal of the department whereas in para no. 5, the Ld.CIT(A) had observed that the appellant has not filed written submissions in respect of the grounds of appeal.

7. From the above said observations, we came to know that the assessee was not provided any reasonable opportunity for appearing as well as for filing the written submissions before the Ld.CIT(A).

8. By taking into consideration the undertaking given by the assessee that he will furnish the documentary evidences before the AO if one more opportunity is granted, we are inclined to set aside the orders of both the authorities and remit the same to the file of the jurisdictional assessing officer for denovo consideration.

9. We also make it clear that the assessee should file the required documentary evidences within a period of 3 months form the date of receipt of this order and the assessing officer is directed to complete the assessment proceedings within a further period of 3 months.

10. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 30th May, 2025.

Sd/-
(LAXMI PRASAD SAHU)
Accountant Member

Sd/-
(SOUNDARARAJAN K.)
Judicial Member

Bangalore,
Dated, the 30th May, 2025.
/MS /

Copy to:

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|---------------|------------------------|
| 1. Appellant | 2. Respondent |
| 3. CIT | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A) |

By order

Assistant Registrar,
ITAT, Bangalore