

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

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

<b>ITA No. 358/Bang/2025</b>
<b>Assessment Year : 2017-18</b>

Smt. Mahadevi, 3-10-82-41, Choti Girini Harijanwada Sedam, Sedam, Kalaburgi, Karnataka – 585 222. <b>PAN: DALPM5466C</b>	<b>Vs.</b>	The Income Tax Officer, Ward – 1 & TPS, Gulbarga.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri Raghavendra Chakravarthy, CA
Revenue by	:	Shri Subramanian .S, JCIT-DR

Date of Hearing	:	29-04-2025
Date of Pronouncement	:	29-05-2025

**ORDER**

**PER SOUNDARARAJAN K., JUDICIAL MEMBER**

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 24/12/2024 in respect of the A.Y. 2017-18 and raised the following grounds:

*“1. The appellate order u/s 250 of the Act of Commissioner of Income Tax (Appeals)/ NFAC dt. 24.12.2024, in so far it is against the appellant is opposed to law, weight of evidence, facts and circumstances of the Appellant's case.*

*2. The NFAC has grossly erred in upholding the addition of Rs.70,09,134/- as income from other sources under the facts and circumstances of the case.*

*3. The NFAC has grossly erred in upholding the reassessment order without considering the fact that the impugned interest is on account of compensation on compulsory acquisition of immovable property covered u/s 56(2)(viii) r.w.s 10(37) of the Act under the facts and circumstances of the case.*

*4. The NFAC has grossly erred in upholding the reassessment order of the assessing officer by not giving benefit of deduction of 50% of interest income u/s 57(iv) of the Act under the facts and circumstances of the case.*

*5. The appellant craves leave to add, alter, substitute and delete any or all of the grounds of appeal urged above.”*

**2.** The assessee is an individual and she had not filed her return of income for the A.Y. 2017-18. Based on the information that the assessee had received an interest income, reassessment proceedings were initiated. In response to the said notice issued u/s. 148, the assessee filed her return of income declaring an income of Rs. 3,84,687/- as income from other sources. Thereafter, notice u/s. 142(1) was issued but the assessee did not responded to the said notice and therefore another notice was sent by speed post. Even after receipt of the said notice, the assessee had not responded.

**3.** Thereafter, a show cause notice was issued on 13/03/2022 for which also the assessee had not responded and therefore the AO had completed the assessment ex-parte in which the said interest income was added as income from other sources. As against the said order, the assessee filed an appeal before the Ld.CIT(A) and contended that the assessee had declared the exempted income of Rs. 70,09,134/- u/s. 10(37) of the Act being the amount received for compulsory acquisition of the lands by the government. The Ld.CIT(A) had issued several notices on four occasions for which the assessee had not filed any response and therefore the Ld.CIT(A) had decided the appeal based on the materials available with him. The Ld.CIT(A) had dismissed the appeal stating that no evidences / documents were furnished

by the assessee and therefore the Ld.CIT(A) had confirmed the order of the AO.

**4.** As against the said order of the Ld.CIT(A), the assessee is in appeal before this Tribunal.

**5.** At the time of hearing, the Ld.AR submitted that the assessee being an illiterate lady was not familiar with the use of emails and therefore she has not responded to the notices issued by the Ld.CIT(A). Further, the Ld.AR submitted that the assessee was suffering from old age ailments and therefore she was not able to response to the notices issued by the AO also. The assessee also submitted that the interest amount received by the assessee on the enhanced compensation received by her is not liable to be taxed under the provisions of the Act and submitted that the said income is exempted u/s. 10(37) of the Act. The Ld.AR submitted that the AO had not properly verified the return and therefore contended that the order is liable to be set aside.

**6.** The Ld.DR relied on the orders of the lower authorities and prayed to dismiss the appeal filed by the assessee.

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

**8.** Before going into the merits of the case, let us consider the ex-parte order of the Ld.CIT(A). We have considered the submissions made by the assessee, that she is an old lady and she had some ailments and also an illiterate person and therefore she has not responded to the notices issued by the AO as well as by the Ld.CIT(A). We have also perused the form 36 and the other statement of facts filed before the Ld.CIT(A), in which the assessee had affixed her Right-Hand thumb impression and therefore we are satisfied that the lady is an illiterate person and not conversant with the

technology and therefore she has valid reasons for not responding to the notices issued by the AO as well as by the Ld.CIT(A).

**9.** The assessment order also is an ex-parte order passed u/s. 144 of the Act and therefore in the interest of justice, we are granting one more opportunity to the assessee to appear before the AO and substantiate her claim that the interest income received from the government is eligible for exemption under the provisions of the Act.

**10.** We, therefore, set aside the orders of the AO as well as the Ld.CIT(A) and remit this issue to the file of the AO for denovo consideration and the assessee is also permitted to furnish the documents in support of her claim.

**11.** In the result, the appeal filed by the assessee is partly allowed for statistical purposes.

Order pronounced in the open court on 29<sup>th</sup> May, 2025.

Sd/-  
(LAXMI PRASAD SAHU)  
Accountant Member

Sd/-  
(SOUNDARARAJAN K.)  
Judicial Member

Bangalore,  
Dated, the 29<sup>th</sup> May, 2025.  
/MS /

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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