

आयकर अपीलीय अधिकरण, रायपुर न्यायपीठ, रायपुर

IN THE INCOME TAX APPELLATE TRIBUNAL RAIPUR BENCH, RAIPUR

श्री पार्थ सारथी चौधरी, न्यायिक सदस्य एवं श्री अरुण खोड़पिया, लेखा सदस्य के समक्ष ।

BEFORE SHRI PARTHA SARATHI CHAUDHURY, JM & SHRI ARUN KHODPIA, AM

आयकर अपील सं. / ITA No: 332/RPR/2025

(निर्धारण वर्ष Assessment Year: 2017-18)

Veer Project, 10/341, Sadar Bazar, Raipur-492001, C.G.	v	Assistant Commissioner of Income Tax, s	Circle-1(1), Civil Lines, Raipur
PAN: AAHFV3785G			
(अपीलार्थी/Appellant)	.	(प्रत्यर्थी / Respondent)	
निर्धारिती की ओर से /Assessee by	:	Shri Vikram Chhabda, C.A.	
राजस्व की ओर से /Revenue by	:	Dr. Priyanka Patel, Sr. DR	
सुनवाई की तारीख / Date of Hearing	:	03.06.2025	
घोषणा की तारीख/Date of Pronouncement	:	05.06.2025	

आदेश / ORDER

Per Arun Khodpia, AM:

The captioned appeal filed by the assessee is against the order of the Commissioner of Income Tax (Appeal), NFAC, Delhi, [in short "Ld. CIT(A)"] passed under section 250 of the Income Tax Act, 1961 (in short "the Act"), dated 21.03.2025, for the Assessment Year 2017-18, which in turn arises from the order passed u/s 143(3) of the Act, dated 20.12.2019 by Assistant Commissioner of Income Tax-4(1), Raipur (in short "Ld. AR").

2. The grounds of appeal raised by the assessee are as under:
1. *That on the facts and in the circumstances of the cases and in law, the LD. CIT(A), NFAC has defined the principals of Natural justice by not allowing proper opportunity of being heard.*
 2. *That on the facts and in the circumstances of the cases and in law, the order u/s 143(3) of the Act passed by the assessing officer dated 20/12/2019 is without valid jurisdiction in accordance with section 127(3) of the Act and liable to be quashed.*
 3. *That on the facts and in the circumstances of the cases and in law, the Ld. CIT(A), NFAC erred in sustaining the addition of Rs. 1,00,00,000/- made by the Ld. AO u/s 68 of the Act.*
 4. *That on the facts and in the circumstances of the cases and in law, the Ld. CIT(A), NFAC erred in sustaining the adhoc disallowance of Rs.12,21,610/- made by Ld. AO.*
 5. *The appellant craves to add, alter or delete any of the grounds of appeal during the course of appellate proceedings.*
 6. *That on the facts and in the circumstances of the cases and in law, the order u/s 143(3) of the Act passed by the assessing officer dated 20/12/2019 and order u/s 250 of the Act passed by Ld. CIT(A), NFAC, dated 21.03.2025 is illegal and void ab initio.*

3. Brief facts of the case are that the assessee is a firm, filed its Return for AY 2017-18, declaring total Income of Rs. 16,73,470/-. During the assessment proceedings, the Ld. AO found discrepancies in Labour/ Wages Expenses amounting to Rs. 1,22,16,097/- claimed by the assessee, therefore, had disallowed 1/10th of the said expenses for Rs. 12,21,610/-. Ld. AO also made an addition on account of unsecured / unexplained cash credit u/s 68 of the Act, amounting to Rs. 1,00,00,000/-. Subsequently, a notice u/s 143(3) of the Act was issued along with various other notices. Finally, it is observed by the Ld. AO that the assessee failed to offer satisfactory reply of the requisite details, accordingly, the order u/s 143(3) was passed with the aforesaid additions.

4. Aggrieved with the aforesaid addition/ disallowance by the Ld. AO, assessee preferred an appeal before the Ld. CIT(A), however, the appeal of assessee has been dismissed and the additions made by Ld. AO are sustained by the Ld. CIT(A).

5. Dissatisfied with the aforesaid decision by the Ld. CIT(A), assessee preferred an appeal before the tribunal, which is under consideration in the present case.

6. At the outset, on perusal of the order of Ld. CIT(A), it is transpired that during the proceedings before the First Appellate Authority, the assessee has not responded, neither have submitted any written replies, when the opportunities were provided for submission to substantiate the contentions under the grounds of appeal raised by the assessee. The observation of Ld. CIT(A), while disposing of the appeal of assessee are as under:

4. During the appellate proceedings, several notices u/s 250 were issued giving opportunities of being heard to the appellant, which were duly delivered upon the appellant through registered email. No response is received till date.

4.1 In view of the above, it appears that the non-compliance to notices is deliberate as all the notices have been duly served upon the appellant on the registered email account. No response has been received from the appellant till date. It is reasonable to infer from the continued non-compliance that the appellant is not serious to pursue its appeal. Hon'ble Supreme Court in the case of CIT vs. B.N. Bhattacharjee and Another, 118 ITR 461 (SC) observed that preferring an appeal means more than formally filing it but effectively prosecuting it. Hon'ble M. P. High Court in the case of Estate of Late Tukojirao Hofkar vs. CWT, (1997) (223 ITR 480) (M.P.) dismissed the reference in default and for not taking necessary steps. Similar view has been taken by I.T.A.T. Delhi Bench in the case of CIT Vs. Multiplan India (P) Ltd. (1991)(38 ITD 320). Considering the above, it appears that the appellant is not interested in prosecuting its appeal. In view of continuous non-compliance by the appellant, the appeal is disposed ex-parte based on merits of the case.

5.1 Decision: *I have carefully considered the relevant and material facts on record, in respect of this ground of appeal, as brought out in the assessment order. During the assessment proceedings the assessing officer found discrepancies in labour expenses/wages amounting to Rs. 1,22,16,097/- 1/10th of the total wages expenditure i.e. Rs. 12,21,610/- was disallowed and the assessee had taken unsecured loans/unexplained cash credit u/s 68 of the I. T. Act, 1961 from various parties amounting to Rs. 1,00,00,000/-. The assessee failed to give a satisfactory reply and provide any required details. Hence, the A.O. completed the assessment and passed order u/s. 143(3) of the Income-tax Act dated 20.12.2019 Assessing total Income at Rs. 1,28,95,080/-.*

5.2. *It is further noted and as detailed in preceding para above that during the appellate proceedings, the appellant has not furnished any evidence in support of its grounds of appeal. The appellant has challenged the addition in the different grounds of appeal. However, the appellant has not furnished any written submission or documentary evidence in support of its grounds of appeal challenging the addition. The appellant has also not submitted any copy of its written submission or documentary evidence filed during the assessment proceedings. The onus lies on the appellant to support any claim by bringing In cogent documentary evidence but the appellant has not even filed a written submission in support of its grounds of appeal despite several opportunities given as detailed in the preceding paras. In absence of any written submission or documentary evidence in support of its grounds of appeal, I have no basis to take a contrary view in the appellate proceedings as I have no reason to interfere with the assessment order. As such, I do not find any infirmity in the order of Assessing Officer. Therefore, **Addition of Rs. 12,21,610/- and Rs. 1,00,00,000/- is hereby sustained on merits.***

6. *In the result, the appeal is Dismissed.*

7. Ostensibly, the aforesaid appeal of the assessee before the Ld. CIT(A) has been decided on ex-parte basis, without hearing the assessee on account of non-prosecution, we find that under similar facts and circumstances, we have adopted a view to set aside the matter to the files of Ld. CIT(A) for one last and final opportunity to the assessee, accordingly, this matter is covered by our decision in the case of **Brajesh Singh Bhadoria Vs. Dy./ Asstt. Commissioner of Income Tax, Central Circle-2, in IT(SS) No. 1 to 6,8 & 9/RPR/2025 dated 20.03.2025**, for the sake of clarity the relevant observations in the case of **Brajesh Singh Bhadoria (supra)**, are extracted hereunder:

7. We have considered the submissions of the parties herein and analyzed the facts and circumstances involved in all the captioned appeals. After careful perusal of the documents on record, we find that the assessee had assailed the legal ground as aforestated, however, the fact of the matter is that on perusal of the respective orders of the Ld. CIT(Appeals) for all the years before us, it is also evident from Para 3 that there has been no compliance by the assessee before the said authority and as such, an ex-parte order was passed for the concerned years in appeal. Admittedly, as per record, sufficient opportunities had been provided to the assessee, however, there was no compliance by the assessee. In effect, rights and liabilities of the parties herein are yet to be adjudicated substantially at the level of the first appellate authority. Though in the impugned orders, discussion has been done as per material available on record by the Ld. CIT(Appeals) but they are only Form 35, statement of facts,

grounds of appeal and the assessment order. However, due to non-compliance by the assessee, there are no submissions, evidence and documents submitted for adjudication by the assessee before the Ld. CIT(Appeals). That as per Para 3 of the Ld. CIT(Appeals) order, there has been no compliance on the part of the assessee for submitting detailed explanations regarding the grounds of appeal for the years under consideration which clearly shows that the grounds of appeal raised before the first appellate authority has not been substantiated on merits through corroborative evidence /submissions.

8. *That in such scenario we are of the considered view that the Income tax Act is within the ambit of welfare legislation which are completely different from that of the penal legislation, therefore, benefit of doubt whenever arises, it has to be interpreted in favour of the assessee tax payer within the parameters of law and facts. There may be circumstances beyond control of the assessee because of which, the assessee may not have been able to represent his case on the given dates of hearing before the Ld. CIT(Appeals). Though it is correct that there was no compliance from the side of the assessee, however, nothing is there on record which suggests any deliberate non-compliance or malafide conduct of the assessee. That further, if one final opportunity is provided to the assessee to represent his case before the first appellate authority, the position of the revenue will also not be jeopardized.*

9. *Recently, the Hon'ble High Court of Bombay in the case of Vijay Shrinivasrao Kulkarni Vs. Income-tax Appellate Tribunal (2025) 171 taxmann.com 696 (Bom.), dated 04.02.2025 observed that in the case the Assessing Officer had passed an ex-parte order and when the matter went on appeal before the Ld. CIT(Appeals)/NFAC, it had also dismissed the matter ex-parte due to non-compliance by the assessee's authorized representative, when*

the matter came up before the ITAT, it had failed to address the infirmity regarding the fact that the assessee was not afforded proper opportunity of being heard and the matter was dismissed ex-parte by the Ld. CIT(Appeals)/NFAC which amounted to violation of principles of natural justice, and instead ITAT decided the case on merits, in such circumstances, the Hon'ble High Court of Bombay held that passing of an order on merits by the ITAT even when the impugned order was passed ex-parte amounts to violation of principles of natural justice and accordingly, the said matter was remanded to ITAT for passing a fresh order in accordance with law after hearing the parties. The legal principle as enshrined in the present judgment is crystal clear that the principles of natural justice i.e. the right to be heard is to be provided and accordingly, the matter had to be substantially adjudicated by the appellate authority. Therefore, if the impugned order of the Ld. CIT(Appeals)/NFAC is an ex-parte order, the only recourse in conformity with the aforesaid judicial pronouncement is to remand the matter back to the file of the Ld. CIT(Appeals)/NFAC for fresh adjudication in terms with the principles of natural justice providing one final opportunity to the assessee.

10. *In the aforesaid case, the Hon'ble High Court of Bombay had referred to a judgment of the Hon'ble Supreme Court in the case of Delhi Transport Corporation vs. DTC Mazdoor Union AIR 1999 SC 564, wherein the Supreme Court inter-alia held that Article 14 guarantees a right of hearing to a person who is adversely affected by an administrative order. The principle of audi-alteram partem is a part of Article 14 of the Constitution of India. In light of such decision, the petitioner ought to have been granted an opportunity of being heard which, partakes the characteristic of the fundamental right under Article 14 of the Constitution of India.*

11. *The Hon'ble High Court of Bombay in the aforesaid case had referred to a decision of the Hon'ble Supreme Court in the case of Commissioner of Income Tax Madras v. Chenniyappa Mudiliar 1969 1 SCC 591, wherein the Supreme Court in interpreting the section 33(4) of the Income Tax Act, 1922 has held that the appellate tribunal was bound to give a proper decision on question of fact as well as law, which can only be done if the appeal is disposed off on merits and not dismissed owing to the absence of the appellant. Reverting to the facts of the present case the grounds of appeal were simply filed before the Ld.CIT(Appeals) they were not substantiated or corroborated through submissions and filing of documentary evidences since the assessee had not complied before the Ld.CIT(Appeals) on the dates of hearing. Therefore, as per framework of the Act there must be adjudication on merits by the first appellate authority and one final opportunity be provided to the assessee to represent his matter on merits in the interest of natural justice.*

12. *There may even be a situation where the Ld. Counsel for the assessee may assail a legal ground before the Tribunal following the decision of the Hon'ble Supreme Court in the case of National Thermal Power Company Ltd. Vs. CIT (1998) 229 ITR 383 (SC) with a contention that irrespective of the order of the Ld. CIT(Appeals) being ex-parte, the Tribunal may decide the legal issue that has been raised by the Ld. Counsel. In our view, the decision of the Hon'ble Supreme Court in the case of National Thermal Power Company Ltd. Vs. CIT (supra) provides that any legal issue which goes to the root of the matter and is established through legal principles, the assessee can take up and raise such legal issue at any appellate forum irrespective of whether the assessee had raised such legal issue at the sub-ordinate level or not, however, it always depends on facts and circumstances of each case whether the Tribunal would decide the legal ground or in a case where the question is of natural justice and*

ex-parte order by the Ld. CIT(Appeals) the Tribunal would remand it back to Ld. CIT(Appeals) providing final opportunity to a bonafide assessee. The Tribunal as the highest fact finding authority must be certain enough that the impugned order before it has been passed on merits and is a speaking order where the assessee has also complied during the process of litigation. In case, where the order of the Ld. CIT(Appeals) itself is ex-parte and some legal ground is raised and if the Tribunal decides such legal ground where in fact principles of natural justice is left unanswered due to the fact that the impugned order before the Tribunal is ex-parte and there was no compliance by the assessee in such scenario the Tribunal would also be usurping the power of the Ld. CIT(Appeals) which is also a statutory authority as per the Act. This is due to the reason that as per framework of the Act, Ld. CIT(Appeals) is the first appellate authority where an appeal by assessee it would be substantially decided through a speaking order by the Ld. CIT(Appeals). When this part is over and either party is aggrieved second appeal lies before the ITAT. Now if for every ex-parte order passed by the Ld. CIT(Appeals), of course due to non-compliance by the assessee, if the Tribunal adjudicates a legal ground, for instance validity of assessment or reassessment order and answers it in favour of the assessee then it would create an easy route for assessee getting redressal from Tribunal even without bothering to comply with hearing notices before the Ld. CIT(Appeals). This would dismantle the structure of the Act which is definitely not the intention of the legislature. Here in this situation, where the benefit of doubt is given to the assessee since he had not complied with the hearing notices before the Ld. CIT(Appeals) which resulted in passing of an ex-parte order by the Ld. CIT(Appeals), in such scenario, as per the scheme of the Act and following the principles of natural justice, the only course of action is to remand the matter back to the file of the Ld. CIT(Appeals) for adjudication on merits providing one final opportunity to the assessee.

- 13. In view thereof, we set aside the respective orders of the Ld. CIT(Appeals) for all the years and remand the same to their file for denovo adjudication on merits. At the same time, we direct the assessee that this being the final opportunity, there must be compliance on merits before the first appellate authority. Needless to say, the Ld. CIT(Appeals) shall provide reasonable opportunity of being heard to the assessee and pass an order in terms of Section 250(4) and (6) of the Act within three months from receipt of this order.*
8. In view of the aforesaid facts and circumstances, respectfully following the decision in the case of **Brajesh Singh Bhadoria (supra)**, as conceded by both the parties herein, the matter is restored back to the file of Ld. CIT(A) for *denovo* adjudication, within a period of 3 months from the receipt of this order.
9. Needless to say, the assessee shall be afforded with reasonable opportunity of being heard, in the set aside appellate proceedings. The assessee, as conceded before us through its authorized representative is also directed to cooperate and assist proactively in the set aside proceedings, failing which the Ld. CIT (A) would be at liberty to decide the appeal in accordance with the mandate of law.
10. In result, appeal of the assessee in ITA No. 332/RPR/2025 is **allowed for statistical purposes**, in terms of over aforesaid observations

Order pronounced in the open court on 05/06/2025.

Sd/-
(PARTHA SARATHI CHAUDHURY)
न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-
(ARUN KHODPIA)
लेखा सदस्य / ACCOUNTANT MEMBER

रायपुर/Raipur; दिनांक Dated 05/06/2025
Vaibhav Shrivastav

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant- Veer Project, Raipur
2. प्रत्यर्थी / The Respondent- ACIT-1(1), Raipur
3. The Pr. CIT, Raipur (C.G.)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, रायपुर/ DR,
ITAT, Raipur
5. गार्ड फाईल / Guard file.

// सत्यापित प्रति True copy //

आदेशानुसार/ BY ORDER,

(Senior Private Secretary)
आयकर अपीलीय अधिकरण, रायपुर/ITAT, Raipur