

**IN THE INCOME TAX APPELLATE TRIBUNAL  
"SMC" BENCH: BANGALORE**

**BEFORE Dr. DIPAK P. RIPOTE, ACCOUNTANT MEMBER  
AND  
SHRI PRAKASH CHAND YADAV, JUDICIAL MEMBER**

ITA No.1478/Bang/2025
Assessment Year:2015-16

Jnana Jyothi Rehabilitation Society for Disabled, Old Soraba, P.O Old Soraba, Shivamogga-577429, Karnataka.  <b>PAN NO : AABTJ7999J</b>	<b>Vs.</b>	Income Tax Officer, Ward-(1) Hubbali.
<b>APPELLANT</b>		<b>RESPONDENT</b>

<b>Appellant by</b>	:	Sri Giresha T.L, CA
<b>Respondent by</b>	:	Sri Ganesh R Ghale, Advocate-Standing Counsel for Revenue

<b>Date of Hearing</b>	:	21.08.2025
<b>Date of Pronouncement</b>	:	21.08.2025

**O R D E R**

**PER Dr. DIPAK P. RIPOTE, ACCOUNTANT MEMBER:**

This is an appeal filed by Jnana Jyothi Rehabilitation Society for Disabled against the order of the Learned Commissioner of Income Tax (Appeals) (NFAC) (in short "Ld. CIT(A)") passed U/s. 250 of the Income Tax Act, 1961 (in short "the Act") for Asst Year 2015-16 on 03/12/2024 emanating from Assessment Order dated 31/10/2017 passed U/s. 144 of the Act.

**2. Submissions of the Ld. AR:**

The Ld. AR invited our attention to the fact that there was a delay in filing the appeal before this Tribunal of 106 days. The Ld. AR took us through the Affidavit to explain the reason for the delay.

3. The Ld. AR submitted that the assessee is running a school for differently abled children. There is a deficiency in the income and expenditure account. However, the Ld. AO passed an ex-parte order and made adhoc disallowance. The Ld. AR submitted that since it is a non-profit organization, one more opportunity may be given to file all the details before the Ld. Ld. AO. The Ld. AR submitted that the assessee receiving grant from Department of Empowerment of Differently Abled and Senior Citizens, Govt. of Karnataka. The Ld. AR submitted that the assessee had submitted details of expenditure to the appropriate authority of Govt. of Karnataka.

4. **Submissions of Ld. DR:**

The Ld. DR fairly accepted that there was a sufficient cause for delay. The Ld. DR also agreed for setting aside the case to Ld. AO.

5. **Findings and Analysis:**

We have heard both the parties and perused the records. In this case, the assessee-trust had filed return of income on 23/09/2015 declaring total income of Rs. NIL for Asst. Year 2015-16. The assessee's case was selected for scrutiny. Since the assessee failed to comply with the notices, the Ld. AO passed an order U/s. 144 of the Act disallowing 30% of the expenditure claimed.

6. The Ld. CIT(A) confirmed the addition. Relevant para 5.1.1 of the order of the Ld. CIT(A) is reproduced here under:

5.1.1 I have gone through the impugned order of the AO perusal of which shows that the AO had called for documents evidencing expense spent/incurred at Rs. 32,53,102/- out of gross receipts of Rs. 32,54,025/- during the year. Perusal of the impugned order shows that the AO has not forced personal appearance of the trustee and therefore the ability of the trustee attending the proceedings does not arise. The necessary compliance could have been made by the appellant by submitting the documents through other accepted means of communication. Further, if it is accepted that the failure happened due to time constraint the appellant could have provided the documents in this proceedings which could have been accepted following the necessary procedures. However, no such document has been produced. Hence, it is established that the appellant has nothing to prove claims made in the return of income. . In the case of *Kachwala Gems Vs./ Joint Commissioner of Income-tax, Jaipur, [2007] 158 Taxman 71 (SC)*, Honorable Supreme Court held that some amount of guess work are involved in a best judgment assessment, and it is the assessee himself who is to blame as he did not submit proper accounts. In this circumstance, I do not find any infirmity in the order of the AO and therefore, the grounds of the appellant are rejected.

6. In the result, the appeal is dismissed.

For JNANA JYOTHI REHABILITATION

We have perused the submissions filed by the Ld. AR, assessment order and the order of the Ld. CIT(A). It is noted that the assessee's books of accounts have been duly audited by the Chartered Accountant. As per the income and expenditure account for the year, there is a meager profit of Rs. 923/- only. It is also noted that the assessee's income is mainly from grant received and expenditure seems to be towards running the school for mentally retarded children and differently abled children. The assessee has filed details of expenditure.

7. In this case, the Ld. AO has made adhoc disallowance of 30% of expenditure as the assessee could not file the details during the assessment proceedings. During the appeal proceedings before the ITAT, the assessee has filed the details of expenditure along with

audit report. In the interest of justice, we set-aside the assessment order to the Ld AO for denovo adjudication. Ld. AO shall provide a reasonable opportunity of being heard to the assessee.

8. In the result, appeal of the assessee is allowed for statistical purposes as indicated herein above. We condone the delay.

Order pronounced in the open court on 21<sup>st</sup> August, 2025

**Sd/-**  
**(Prakash Chand Yadav)**  
**Judicial Member**

**Sd/-**  
**(Dr. Dipak P. Ripote)**  
**Accountant Member**

Bangalore,  
Dated: 21<sup>st</sup> August, 2025.  
OKK/SPS

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The DR, ITAT, Bangalore.
5. Guard file

By order

**Asst. Registrar,**  
**ITAT, Bangalore.**