

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND  
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: 1386/CHNY/2025

निर्धारण वर्ष/Assessment Year: 2017-18

**Shri Annamalai,**  
22, I Street, Thundalam,  
Vijayalakshmi Nagar,  
Chettiyaragaram,  
Ayappakkam,  
Chennai – 600 077.

**The Income Tax Officer,**  
Vs. Ward 1,  
Vellore.

**PAN: BCJPA 0560P**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri N. Arjun Raj, Advocate

प्रत्यर्थी की ओर से/Respondent by

: Ms. Gouthami Manivasagam, JCIT

सुनवाई की तारीख/Date of Hearing

: 01.09.2025

घोषणा की तारीख/Date of Pronouncement

: 01.09.2025

**आदेश/ ORDER**

**PER GEORGE GEORGE K, VICE PRESIDENT:**

This appeal filed by the assessee is directed against the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 08.03.2025, passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Year is 2017-18.

2. At the very outset, we notice that the order passed by the First Appellate Authority (FAA) is ex-parte, since there was no compliance from the assessee to three notices issued from the office of the First Appellate Authority. Further, we also notice that the assessment has been completed on best judgment assessment u/s.144 of the Act.

3. Brief facts of the case are as follows:- The assessee is an individual and a distributor of Hatsun Agro Products Ltd. The assessee has not filed his return of income for the relevant assessment year 2017-18. As per the information with the Department, the assessee has made cash deposits of Rs.15,94,900/- during the demonetization period. The AO issue show-cause notices and upon receipt of notice issued by the Income Tax Department, the assessee filed his return of income admitting income of Rs.3,57,740/-. The AO completed the assessment u/s.144 of the Act by making addition of Rs.7,99,500/- as unexplained money u/s.69A of the Act and taxed the same at special rate u/s.115BBE of the Act. Aggrieved, assessee preferred appeal before the First Appellate Authority (FAA). Since the assessee has not produced any documentary evidence, the FAA dismissed the appeal of the assessee by passing an ex-parte order.

4. Aggrieved by the order of the FAA, assessee has filed the present appeal. The Ld.AR for the assessee submitted that the assessee is in the business of agency distribution of milk and milk products of M/s. Hatsun Agro Products Ltd. The assessee's nature of business necessitates and mandates collection of cash from various retail shops against selling the milk and milk products and remit it to Hatsun Agro Products Ltd., after retaining the agency commission. Therefore, the cash deposits made by the assessee are in his normal course of business. The Ld.AR submitted that the order passed by the FAA is ex-parte and the assessment has also been completed on best judgment basis u/s. 144 of the Act. Hence, it was prayed in the interest of justice and equity, the issue may be restored to the files of the AO as a last opportunity for proper representation of his case.

5. The Ld. DR submitted that adequate opportunities were provided from the offices of the AO and the FAA and there is no violation of principles of natural justice. Therefore, it was prayed the appeal of the assessee may be dismissed.

6. We have heard rival submissions and perused the materials on record. The proceedings before the AO as well as the FAA was ex-parte, since the assessee did not respond to various notices

issued. The Ld.AR submitted that the assessee is a dealer of milk product M/s. Hatsun Agro Products Ltd., and the cash deposited during the demonetization period is in his normal course of business. In light of the submissions of Ld.AR and in the interest of justice and fair play, the matter is remitted to the files of the AO for fresh adjudication. The AO shall afford reasonable opportunity of hearing to the assessee. The assessee is directed to co-operate with the Revenue and shall not seek unnecessary adjournment. It is ordered accordingly.

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

Order pronounced in the open court on 1<sup>st</sup> September, 2025 at Chennai.

*Sd/-*

(एस.आर. रघुनाथा)

**(S.R. RAGHUNATHA)**

लेखा सदस्य/ACCOUNTANT MEMBER

*Sd/-*

(जॉर्ज जॉर्ज के)

**(GEORGE GEORGE K)**

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 1<sup>st</sup> September, 2025

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.