

IN THE INCOMETAX APPELLATE TRIBUNAL
COCHIN BENCH

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND SHRI SONJOY SARMA, JUDICIAL MEMBER

I.T.A. No.273/COCH/2024

Assessment Year: 2013-14

Raju Joseph Vayalat.....Appellant
S/o Joseph, House No.1/262,
Vayalat House, Fort Kochi,
Ernakulam District,
Kerala – 682001.
[PAN:ABKPV9023F]

vs.

ITO, Ward-2, Alappuzha.....Respondent

Appearances by:

None appeared on behalf of the assessee.

Smt. Leena Lal, Snr AR, appeared on behalf of the Revenue.

Date of concluding the hearing: June 11, 2025

Date of pronouncing the order: August 26, 2025

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal by the assessee is directed against the order dated 26.12.2023 passed by the Commissioner of Income Tax (Appeals) ["CIT(A)"] upholding the assessment order dated 26.12.2016 passed under Section 143(3) of the Income-tax Act, 1961 ("the Act").

2. Brief facts of the case are that the assessee filed his return of income for the assessment year 2013-14 on 24.10.2014, declaring total income of Rs. 7,40,860. The case was selected for scrutiny, and notices under Sections 143(2) and 142(1) were issued. During the assessment proceedings, the Assessing Officer ("AO") noticed that total credits of Rs.38590754 in the capital account of the assessee. The assessee explained that Rs. 26,00,000 was received from his brother, Shri Roy

Vayalat and Rs. 55.58 lakh from other persons. However, no explanation was offered for the balance credit of Rs. 1,52,02,354. The AO issued notice under Section 133(6) to Shri Roy Vayalat seeking confirmation, but no response was received. The assessee was given an opportunity to explain why the sum of Rs. 2,33,60,354 should not be treated as unexplained credit under Section 68 of the Act. The assessee sought time but failed to furnish any further explanation. Accordingly, the AO reduced the current year's profit of Rs. 17,65,041 from the total credit and treated the balance amount of Rs. 2,15,95,313 as unexplained cash credit under Section 68 of the Act. The AO further observed that the assessee had sold land for Rs. 44,39,000 and claimed cost of improvement of Rs. 35,77,949 while computing capital gains. Since no supporting evidence for the cost of improvement was produced, the AO rejected the claim and computed the long-term capital gain at Rs. 30,97,266. The assessment was completed under Section 143(3) on 28.12.2016, determining total income at Rs. 2,54,33,349.

3. Aggrieved by the above order, the assessee preferred appeal before the Id. CIT(A). However, he failed to substantiate his claims or produce documentary evidence either regarding the unexplained credits or the cost of improvement. The Id. CIT(A), therefore, confirmed the additions made by the AO and dismissed the appeal. At the time of hearing before us, there was no appearance by the assessee on the scheduled date. The matter was later taken up on 11.06.2025 with the assistance of the learned DR. We also find that there is a delay of 36 days in filing the appeal before the Tribunal. An application explaining the reasons for the delay was filed. After considering the same, we condone the delay and proceed to decide the matter on merits.

4. On perusal of the facts, it is evident that the assessee could not substantiate the total credit of Rs. 2,33,60,354 in his capital account. Out of this, only Rs. 26,00,000 from his brother and Rs. 55.58 lakh from other persons were explained; no explanation was offered for the balance of Rs. 1,52,02,354. Despite notices under Section 133(6) to the said creditor, no confirmation was received. The assessee also failed to produce any evidence regarding the claimed cost of improvement of Rs. 35,77,949 while computing long-term capital gains on sale of land. In the absence of any corroborative material, both the AO and the CIT(A) were justified in making/sustaining the additions. Even before us, no fresh evidence has been filed to rebut the findings of the lower authorities. In view of the above, we uphold the order of the Id. CIT(A) by confirming that the addition of Rs. 2,15,95,313 under Section 68 of the Act and the computation of long-term capital gain at Rs. 30,97,266 after disallowing the claim of cost of improvement. Accordingly, the appeal of the assessee is dismissed.

5. In the result, the appeal of the assessee is dismissed.

26th August, 2025

Sd/-

[Inturi Rama Rao]

लेखा सदस्य/**Accountant Member**

Dated: 26.08.2025.

RS

Sd/-

[Sonjoy Sarma]

न्यायिक सदस्य/**Judicial Member**

Copy of the order forwarded to:

1. Appellant -
2. Respondent -`
3. CIT- ,
4. CIT(DR),

Assistant Registrar/Sr. PS, Cochin Benches