

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'A' Bench, Hyderabad

श्री रविश सूद, न्यायिक सदस्य एवं
श्री मधुसूदन सावडिया, लेखा सदस्य के समक्ष ।
BEFORE SHRI RAVISH SOOD, JUDICIAL MEMBER AND
SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER

आ.अपी.सं / **ITA Nos.1309 to 1312/Hyd/2024**
(निर्धारण वर्ष / Assessment Year: 2019-20)

Shri Papi Reddy Ankannagari, Hyderabad. PAN: ADOPA4689A (Appellant)	Vs.	Dy. Commissioner of Income Tax, Central Circle 3(3), Hyderabad. (Respondent)
निर्धारिती द्वारा / Assessee by:	Shri S. Rama Rao, Advocate	
राजस्व द्वारा / Revenue by:	Shri Gurpreet Singh, SR-DR	
सुनवाई की तारीख / Date of hearing:	02/09/2025	
घोषणा की तारीख / Pronouncement:	12/09/2025	

आदेश/ORDER

PER BENCH :

These appeals are filed by Shri Papi Reddy Ankannagari (“the assessee”), feeling aggrieved by the separate orders passed by the Learned Commissioner of Income Tax (Appeals), Hyderabad-11 (“Ld. CIT(A)”), dated 28.11.2024, 02.12.2024, 29.11.2024 and 28.11.2024 respectively for the A.Y. 2019-20. Since these appeals are related to the same assessee and for the same A.Y. 2019-20, they

are heard together and one consolidated order is being passed for the sake of convenience and brevity.

ITA No.1309/Hyd/2024

2. The assessee has raised the following grounds of appeal :

- 1) The order of the learned CIT (A) is erroneous both on facts and in law
- 2) The learned CIT (A) erred in deciding the appeal ex-parte without providing proper opportunity;
- 3) The learned CIT (A) erred in confirming the addition of Rs.70,00,000/- found during the course of inspection by the Sub Inspector of Police;
- 4) The learned CIT (A) ought to have seen that the appellant had sufficient cash balance available and the source for Rs,70,00,000/- is explainable;
- 5) The learned CIT (A) erred in confirming the addition made of Rs.17,31,763/- on the ground that it represents the unexplained credits; the learned CIT (A) ought to have provided further opportunity before dismissing the ground;
- 6) The learned CIT (A) erred in not allowing the ground with regard to the addition of Rs.68,21,881/-;

7) The learned CIT (A) ought to have directed to allow the claim for deduction u/s 54F of the I.T.Act of Rs.57,46,000/-

8) Any other ground/grounds that may be urged at the time of hearing;

3. The brief facts of the case are that, the assessee is an individual who did not file his return of income for AY 2019–20. During a vehicle inspection by the police authorities, cash of Rs.70 lakhs was found in possession of the assessee. Consequently, a warrant of authorisation under section 132A of the Income Tax Act, 1961 (“the Act”) was executed on 12.11.2021. Since the assessee had not filed any return of income, the case was reopened under section 147 of the Act and notice under section 148 of the Act was issued on 29.03.2022. The assessee neither filed return in response to the notice nor complied with subsequent notices. However, after about eight months, the assessee filed return of income admitting income of Rs.12,39,810/-. The Ld. AO issued notice under section 143(2) of the Act on 12.12.2022 to the assessee. But no compliance was made by the assessee. Accordingly, the Ld. AO completed assessment under section 147 of the Act on 02.03.2023, making the additions of Rs.70

lakhs under section 69A of the Act towards unexplained cash, Rs.17,31,763/- under section 68 of the Act towards unexplained credits in bank and Rs.68,21,680/- on account of Long Term Capital Gains (“LTCG”). Thus, total income of the assessee was assessed at Rs.1,67,93,253/-.

4. Aggrieved with the order of Ld. AO, the assessee filed appeal before the Ld. CIT(A). The Ld. CIT(A) confirmed the additions under sections 69A and 68 of the Act, but, as far as addition on account of LTCG is concerned, directed the Ld. AO to reduce the addition to the extent already offered by the assessee in return of income. Accordingly, the appeal of the assessee was partly allowed.

5. Aggrieved with the order of Ld. CIT(A), the assessee is now in appeal before this Tribunal. The Learned Authorised Representative (“Ld. AR”) submitted that due to unfortunate death of assessee’s only daughter on 13.09.2022 owing to renal failure, and also because the assessee himself was a cancer patient undergoing medical treatment, he could not properly respond before the lower authorities. Thus, the

orders were passed ex parte. He therefore prayed for admission of additional evidence now filed before the Tribunal.

6. The Ld. AR submitted that, three issues were involved in the appeal of the assessee i.e. (a) Addition under section 69A of the Act (Rs.70 lakhs), (b) Addition under section 68 of the Act (Rs.17,31,763/-) and Addition on account of LTCG (Rs.68,21,680/-). As far as the addition under section 69A of the Act (Rs.70 lakhs) is concerned, the Ld. AR submitted that, the Ld. AO has made the addition on account of cash seized from the assessee contending that the source of same is not explained by the assessee. He further submitted that, the impugned cash seized represents the accumulated balance of cash withdrawals from bank out of sales proceeds of plots deposited in the bank. Accordingly, he submitted that the cash of Rs.70 lakhs are properly explainable and the addition is liable to be deleted.

7. With regard to the addition under section 68 of the Act (Rs.17,31,763/-), the Ld. AR submitted that, the Ld. AO has made the addition on account of highest peak credit in the bank accounts of the

assessee, contending that the assessee failed to explain the sources of such credits in the bank accounts. He argued that, all entries are reflected in the bank statements, which can now be reconciled with supporting evidence. Therefore, the Ld. AR prayed before the bench to remand the issue to the file of the Ld. AO for verification.

8. With regard to the addition on account of LTCG (Rs.68,21,680/-) the Ld. AR invited our attention to copy of Registered Sale Deeds placed at page nos. 37 to 96 of the paper book and submitted that, some sale deeds considered by the Ld. AO do not pertain to the relevant assessment year and hence are not taxable. He further submitted that, the Ld. AO denied deduction under section 54F of the Act only for want of documents; now the assessee is in a position to substantiate the claim. Accordingly, he prayed that the matter may be restored for proper verification.

9. Per contra, the Learned Department Representative (“Ld. DR”) strongly opposed the submissions of the assessee. He argued that there is no direct correlation between the alleged withdrawals from bank and the seized cash of Rs.70 lakhs. Further, on verification of

sale deeds, it is evident that consideration was received through banking channels, part of which was credited to assessee's account and part to the bank accounts of his children, it is not believable that the assessee's children withdrew cash from their accounts and handed over to assessee, particularly when no evidence has been furnished. He also argued that some sale deeds admittedly belong to earlier years, hence it is not acceptable that withdrawals of earlier years were retained in cash till the date of seizure. Further more, the additional evidence now filed was not before lower authorities; hence the same are required to be verified by the Ld. AO. Therefore, he prayed for the remand of the issue to the file of Ld. AO.

10. As regards additions under section 68 of the Act and LTCG, the Ld. DR submitted that the claims of the assessee require thorough verification and prayed that these issues may also be remanded to the Ld. AO.

11. We have considered the rival submissions and perused the material available on record. At the outset, we find force in the submissions of the Ld. AR that due to exceptional circumstances

(death of daughter and assessee's own medical condition), the proceedings before lower authorities remained ex parte. The assessee has now filed additional evidence, which needs proper examination by the Ld. AO. On the first issue of Rs.70 lakhs under section 69A of the Act, we find merit in the submissions of the Ld. DR that there is no one-to-one correlation between the sales proceeds deposited in bank and subsequent cash withdrawals leading to the seized cash. On perusal of the registered sale deeds, we find that substantial portion of consideration was directly credited to the bank accounts of assessee's children. However, there is no evidence that the children withdrew such amounts and handed over the cash to assessee. We also note that some sale deeds relate to earlier years, raising further doubt whether withdrawals of earlier years could have been preserved in cash till the seizure date. These aspects require detailed verification by the Ld. AO after giving opportunity to the assessee to file supporting evidence.

12. On the second issue of addition under section 68 of the Act, related to the entries are found in bank statements, the assessee claims to have supporting material, we are of the view that this issue also requires fresh verification by the Ld. AO.

13. On the third issue of LTCG, we observe that the assessee contends that some sale deeds do not pertain to the relevant year and also that deduction under section 54F of the Act has been wrongly denied for want of documents. Now the assessee intends to produce the supporting documents in support of its claim. Therefore, this issue also needs to be re-examined by the Ld. AO.

14. Accordingly, in the interest of justice, we set aside the entire assessment to the file of the Ld. AO for de novo adjudication in terms of our above observations. The Ld. AO shall consider all evidences filed by the assessee, afford due opportunity of hearing, and pass speaking order in accordance with law. The assessee is also directed to fully cooperate with the Ld. AO and not to seek unnecessary adjournments.

15. In the result, the appeal of the assessee in ITA No.1309/Hyd/2024 is allowed for statistical purposes.

ITA No.1310/Hyd/2024

16. This appeal is related to penalty levied under section 270A of the Act arising out of the quantum addition of Rs.68,21,680/- made

by the Ld. AO on account of LTCG. The said quantum addition was the subject matter of appeal before us in ITA No.1309/Hyd/2024. We have set aside the quantum addition of Rs.68,21,680/- to the file of the Ld. AO for de novo verification, with specific directions. It is an undisputed position that the impugned penalty levied under section 270A of the Act is directly linked to the quantum addition of Rs.68,21,680/-. As the issue on account of quantum addition has been restored to the file of the Ld. AO for de novo adjudication, this penalty appeal also cannot survive independently. The penalty proceedings are consequential in nature and dependent on the outcome of the quantum addition. Accordingly, in the interest of justice, we deem it appropriate to set aside this appeal also to the file of the Ld. AO. The Ld. AO shall re-examine the issue of penalty under section 270A of the Act afresh, after adjudicating the quantum addition, and pass order in accordance with law after giving adequate opportunity of being heard to the assessee.

17. In the result, the appeal of the assessee in ITA No.1310/Hyd/2024 is allowed for statistical purposes.

ITA No.1311/Hyd/2024

18. This appeal is related to penalty levied under section 271AAC(1) of the Act arising out of the quantum addition of Rs.70 lakhs made by the Ld. AO on account of capital gains. The said quantum addition was the subject matter of appeal before us in ITA No.1309/Hyd/2024. We have set aside the quantum addition of Rs.70 lakhs to the file of the Ld. AO for de novo verification, with specific directions. It is an undisputed position that the impugned penalty levied under section 271AAC(1) of the Act is directly linked to the quantum addition of Rs.70 lakhs. As the issue on account of quantum addition has been restored to the file of the Ld. AO for de novo adjudication, this penalty appeal also cannot survive independently. The penalty proceedings are consequential in nature and dependent on the outcome of the quantum addition. Accordingly, in the interest of justice, we deem it appropriate to set aside this appeal also to the file of the Ld. AO. The Ld. AO shall re-examine the issue of penalty under section 271AAC(1) of the Act afresh, after adjudicating the quantum addition, and pass order in accordance with law after giving adequate opportunity of being heard to the assessee.

19. In the result, the appeal of the assessee in ITA No.1311/Hyd/2024 is allowed for statistical purposes.

ITA No.1312/Hyd/2024:

20. The only issue involved in this appeal relates to the addition of Rs.90,000/- towards penalty levied by the Ld. AO under section 272A(1)(d) of the Act. The penalty was imposed on account of failure to comply with statutory notices. Both the lower authorities passed the orders ex parte due to non-prosecution and non-appearance on the part of the assessee. In this regard, we have heard the rival submissions and perused the material available on record. We note that the penalty proceedings under section 272A(1)(d) of the Act have been concluded ex parte at both the stages due to non-appearance of the assessee. Considering the principles of natural justice, and keeping in view the request of the Ld. AR for providing one more opportunity, we are inclined to restore the matter to the file of the Ld. AO for de novo adjudication. Accordingly, the Ld. AO is directed to afford adequate opportunity to the assessee to file submissions and explanations in support of his case, and thereafter

pass a speaking order in accordance with law. The assessee is also directed to extend full cooperation to the revenue authorities and not to seek unnecessary adjournments.

21. In the result, the appeal of the assessee in ITA No.1312/Hyd/2024 is allowed for statistical purposes.

22. To sum up, all the appeals of the assessee are allowed for statistical purposes.

Order pronounced in the open Court on 12th Sept., 2025.

Sd/-

(RAVISH SOOD)
JUDICIAL MEMBER

Hyderabad.

Dated: 12.09.2025.

Sd/-

(MADHUSUDAN SAWDIA)
ACCOUNTANT MEMBER

** Reddy gp*

Copy of the Order forwarded to :

1.	Shri Papi Reddy Ankannagari, 6-105/2, Bharat Nagar, Uppal, Hyderabad-500039
2.	DCIT, Central Circle 3(3), Hyderabad.
3.	Pr.CIT (Central), Hyderabad.
4.	DR, ITAT, Hyderabad.
5.	Guard file.

BY ORDER,