

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**COCHIN BENCH**

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

**I.T.A. No.866/COCH/2024**

Assessment Year: 2017-18

**Prasannakumaran Unnithan Chandrasekhara Pillai.....Appellant**  
**C.B. Electricals, Nooranad,**  
**Alappuzha, Kerala – 690504.**  
**[PAN:AEWPP6007J]**

vs.

**ACIT, Circle, Alappuzha.....Respondent**

**Appearances by:**

Shri G Surendranath Rao, CA, appeared on behalf of the assessee.

Smt. Veni Raj, CIT-DR, appeared on behalf of the Revenue.

Date of concluding the hearing: June 12, 2025

Date of pronouncing the order: August 12, 2025

**ORDER**

**Per Sonjoy Sarma, Judicial Member:**

This appeal by the assessee is directed against the order of the Commissioner of Income-tax (Appeals), dated 23.08.2023, passed under Section 250 of the Income-tax Act, 1961, for the assessment year 2017-18.

2. Brief Facts of the Case that the assessee's case was selected for limited scrutiny under CASS for A.Y. 2017-18, with the specific issues relating to:

1. Verification of new foreign assets, and
2. Large investments in property as reflected in Form 26QB.

In response, the assessee submitted that no new foreign asset was acquired during the year under consideration and that he has long-standing business investments in the UAE since 2004, the income from

which was duly disclosed in earlier years. It was also clarified that no fresh investment in property was made during Financial Year 2016–17 relevant to the A.Y. 2017–18. However, Id A.O. despite the limited scrutiny scope and the assessee's explanations on the selected issues being accepted, the Assessing Officer proceeded to enquire into unrelated issues. Based on financial statements, the AO examined the details of capital gains arising from sale of immovable property. The AO recomputed the cost of acquisition and construction at Rs. 12,02,80,674 as against Rs. 16,19,51,739 claimed by the assessee, resulting in the conversion of Long-Term Capital Gain (LTCG) of Rs. 1,21,64,020 into Short-Term Capital Gain (STCG) of Rs. 6,80,19,326.

3. Aggrieved by the assessment order, the assessee filed an appeal before the Ld. CIT(A). However, despite the assessee seeking adjournment by making an entry through the ITBA portal, the Ld. CIT(A) passed the order on 23.08.2023 without affording any opportunity of hearing, thereby violating principles of natural justice.

4. The assessee thereafter approached the Hon'ble Kerala High Court challenging the said ex parte order of the CIT(A). The Hon'ble High Court, vide order dated 23.09.2024, granted liberty to the assessee to file an appeal before this Tribunal. In the appeal before this tribunal the assessee contended that the additions made were beyond the scope of limited scrutiny and no opportunity was granted to explain the cost of acquisition and nature of gain (LTCG vs STCG); therefore impugned order of Ld. CIT(A)'s is bad in law and was passed ex parte, even after a genuine request for adjournment was placed on record.

5. On the other hand the learned Departmental Representative argued that due opportunity was granted and the assessment was made after due inquiry.

6. We find force in the submissions of the assessee that the additions made by the AO pertain to issues outside the scope of limited scrutiny. Further, the Ld. CIT(A)'s action in disposing of the appeal ex parte, despite a recorded adjournment request by the assessee, is contrary to the settled principles of natural justice. Denial of an effective opportunity to present one's case vitiates the appellate proceedings. In view of the above facts and in the interest of justice, we set aside the order of the Ld. CIT(A) dated 23.08.2023 and restore the matter back to the file of the CIT(A) with the direction to grant adequate and reasonable opportunity of being heard to the assessee; examine the issue afresh in accordance with law; adjudicate all the issues in accordance with law. The assessee is also directed to extend full cooperation and comply with the notices issued by the lower authorities without fail.

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

**12<sup>th</sup> August, 2025**

Sd/-

**[Inturi Rama Rao]**

लेखा सदस्य/**Accountant Member**

Sd/-

**[Sonjoy Sarma]**

न्यायिक सदस्य/**Judicial Member**

Dated: 12.08.2025

RS

*Copy of the order forwarded to:*

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

//True copy//

By order

Assistant Registrar/Sr. PS, Cochin Benches