

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.854/COCH/2024

Assessment Year: 2017-18

Prime Property Developers.....Appellant
TC 4/432/14 Third Floor,
Temple Squire, Kawadiar,
Kerala-695003.
[PAN:AACFP8883E]

vs.

ACIT, Circle-2, Kawadiar.....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: June10, 2025

Date of pronouncing the order: August 12, 2025

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, dated 26.07.2024, passed under Section 250 of the Income-tax Act, 1961 ("the Act") for the Assessment Year 2017-18.

2. Brief facts of the case are that the assessee is a partnership firm engaged in the business of builders and developers. For the assessment year under consideration, the assessee filed its return of income declaring a total income of Rs. 68,57,200. The assessment was completed under Section 143(3) of the Act vide order dated 23.12.2019 by the learned Assistant Commissioner of Income Tax. In the assessment, the Assessing Officer made various disallowances and additions as under:

(i) Disallowance of lump-sum diesel expenses: Rs. 10,00,000, on account of estimated inflation of labour expenses.

(ii) Disallowance of 20% depreciation on luxury car (Mercedes Benz) and 20% of the interest on car loan, considering the potential personal use of the vehicle: Rs. 1,12,208.

(iii) Home theatre expenses of Rs. 10,45,254 incurred in connection with the Golf Link Project were treated as capital in nature. After allowing 10% depreciation, a net disallowance of Rs. 9,40,729 was made.

(iv) The total additions/disallowances amounted to Rs. 20,52,937.

3. Aggrieved, the assessee preferred an appeal before the learned Commissioner of Income Tax (Appeals). However, the assessee failed to appear or make any effective representation before the CIT(A). Consequently, the CIT(A) passed an ex parte order, confirming the additions and dismissing the appeal.

4. Against the said order, the assessee has now filed this appeal before the Tribunal, primarily on the ground that the order passed by the CIT(A) is bad in law as it was passed without affording a proper opportunity of being heard.

5. At the time of hearing, none appeared on behalf of the assessee. However, with the assistance of the learned Departmental Representative (Ld. DR), we proceeded to hear the matter and examined the material available on record.

6. After hearing the Id. DR and on perusal of the records, it is evident that the order passed by the CIT(A) is an ex parte order, rendered due to the non-appearance of the assessee. In the interest of justice and fair play, and considering that the assessee did not get a reasonable

opportunity to present its case before the CIT(A), we deem it fit to restore the matter back to the file of the CIT(A).The CIT(A) is directed to afford a reasonable opportunity of being heard to the assessee and then dispose of the appeal on merits, in accordance with law.

7. In view of the above, the appeal filed by the assessee is allowed for statistical purposes.

12th August, 2025

Sd/-
[Inturi Rama Rao]
लेखा सदस्य/**Accountant Member**

Sd/-
[Sonjoy Sarma]
न्यायिक सदस्य/**Judicial Member**

Dated: 12.08.2025

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