



**IN THE INCOME TAX APPELLATE TRIBUNAL, RAJKOT
BENCH, RAJKOT**

**BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER
AND
SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER**

**आयकरअपीलसं./ITA No. 10/RJT/2024
(निर्धारणवर्ष / Assessment Year: (2014-15)
(Hybrid Hearing)**

Subhas Hansaraj Nandu, Opp. Shambhu Maharaj Bungalow, Bhachau, Gujarat – 370140	V s .	ACIT, Gandhidham Circle, Kutch
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: AFRPN0720J		
(Appellant)		(Respondent)

Appellant by : Shri Kalpesh Doshi, Ld. AR
Respondent by : Shri Abhimanyu Singh Yadav, Ld. Sr. DR

Date of Hearing : 24/06/2025
Date of Pronouncement : 18/09/2025

आदेश / ORDER

PER DINESH MOHAN SINHA, JM:

Captioned appeal filed by the assessee, pertaining to Assessment Year 2014-15, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals), dated 08.11.2023, which in turn arises out of an order passed by the Assessing Officer u/s 143(3) r.w.s. 144 of the Act, on 20.12.2016.

2. Grounds of appeal raised by the assessee are as follows:



- 1. That, the Ld. CIT(A) has wrongly confirmed addition of Rs. 72204/- on account of inflated creditors.*
- 2. That, the Ld. CIT(A) has wrongly confirmed addition of Rs. 22,42,679/- on account of cessation of liability u/s. 41(1) of the I.T. Act. 1961*
- 3. That, the Ld. CIT(A) has wrongly confirmed addition of Rs.46,05,220/- on account of bogus creditors.*
- 4. That, the Ld. CIT(A) has wrongly confirmed disallowance interest expenses of Rs. 47,33,073/- u/s. 37(1) of the I.T. Act, 1961.*
- 5. That, the Ld. CIT(A) has wrongly confirmed addition of Rs. 51,500/- on account of difference of receipts as per books of account and as per Form 26AS.*
- 6. That, the Ld. CIT(A) has wrongly confirmed initiation of penalty proceeding u/s 271(1)(c) of the I.T. Act, 1961.*
- 7. That, the Ld. CIT(A) has wrongly confirmed levy of interest u/s 234A, 234B, 234C and 234D of I.T. Act, 1961.*
- 8. That, the findings of the Ld. AO and Ld. CIT(A) are not justified and are bad-in-law.*
- 9. The appellant craves to add, amend, alter or delete any of the above grounds of appeal.*

3. Brief facts of the case that the The appellant is an individual and engaged in transportation activities of vitrified tiles. sanitary ware and marbles of euro group of companies in the name and style of M/s Swastik Transport. The appellant has filled the ROI for A.Y. 2013-14 declaring total loss of Rs. 30,91,308/- as on 29/11/2014. For the year under consideration, the Learned AO has passed assessment u/s 144 inspite of submitting various details. During the course of assessment proceedings the Ld. AO has made addition of Rs. 72,204/- on account of inflated creditors without providing proper opportunity to reconcile the difference in the accounts. Further, the Ld. AO has made addition of Rs. 22,42,679/- on account of cessation of liability u/s. 41(1) of the I.T. Act. The Ld. AO has called for the details regarding various creditors, the assessee has duly submitted the confirmation of the creditors. The Ld. AO has not considered the same and wrongly made addition of Rs.



69,20,103/- on account of bogus and unexplained creditors without providing proper opportunity of being heard. During the year under consideration, the assessee has debited interest expense of Rs. 60.78,010/-. The assessee has duly submitted the details called by the Ld. AO. The Ld. AO has disallowed the expenses of Rs. 47,33,073/ as the assessee has also made interest free advances.. Therefore, the Ld. AO has wrongly disallowed interest expense of Rs. 47,33,073/- u/s. 37(1) of the I.T Act. During the year under consideration, there is difference total income as per books of accounts and as per Form 26AS. The assessee has duly submitted during the course assessment proceedings that assessee has never entered into business transaction with the Rupali construction and Jay Bharat Gum & Chemicals limited. The Ld. AO has not considered the submission of the assessee and wrongly made addition of Rs. 51,500/- on account of difference as assessee books of account and as per 26AS. The detailed submission along with the relevant provisions of the act and supporting documents will be made at the time of hearing.

4. The assessee filed an appeal against the order dated 20.12.2016 by moving an appeal before the Ld.CIT(A), the Ld.CIT(A) has issued several notice, the appellant filed written submission and also request for a personal hearing via Video Conference. However, the appellant and his Counsel failed to attend schedule for Video Conference. The Ld. CIT(A) has dismissed the appeal of the assessee dated 08.11.2023

5. That the assessee filed an appeal before us, against the impugned order of the Ld. CIT(A).



6. During the course of hearing, the Ld.AR of the assessee submitted that no reasonable opportunity was given to explain the case and request for an opportunity may kindly be granted to present the case before the Authorities.

7. On the contrary, the Ld. Sr. DR for the revenue relied on the order of the Ld. CIT(A).

8. We have heard both the parties and perused the material available on record, and also perused the Paper-Book submitted by the assessee. We note that the assessee has challenged the appeal on 9 grounds and Ld.CIT(A) has rejected of the 9 grounds of the assessee. We note that assessee has maintaining the Books of Account regularly, and the Books of Account were duly audited by the Chartered Accountant and Audit Report was available before the assessing officer at the time of assessment. We further note that the prayer of the assessee that an opportunity for virtually hearing may please to be granted to the assessee. We further notice that the AO issued 133(6) notice to the assessee and get confirmation of account, that AO got the confirmation from various party wherein the AO found that there are differences in confirmation of account and in the Books of Account of the assessee, however, no opportunity was given to the assessee to explained the case. We further note that while making an assessment the AO has made an addition in total income amounting to Rs. 1,17,05,219/- by considering that there are inflated expenses, Bogus Creditors and disallowance of expenditure. We note that before the Ld.CIT(A) the assessee has filed the documents in support of the Return of Income, and also filed case-laws of ITAT, Indore Bench in support of his case, the assessee has asked for Video Conference, which was not done, the AO framed assessment u/s. 143(3)



r.w.s. 144 of Income Tax Act. In view of the above, we are of the view that assessee deserves for one more opportunity to explain the case before the Ld.CIT(A). Since, the Video Conference was not successful, the assessee has also filed number of judgements in support of the case. The judgements were placed on record. We set aside the order of the Ld.CIT(A) dated 08.11.2023 and directed the Ld.CIT(A) to examine the document and given an opportunity to explain the case as per law before the Lower Authority. Therefore, we allow the appeal of the assessee.

10. In the result, the appeal filed by the assessee is allowed, for statistical purpose.

Order pronounced in the open court on 18-09-2025

**Sd/-
(Dr. A. L. SAINI)
ACCOUNTANT MEMBER**

Rajkot

(True Copy)

दिनांक/ Date: 18/09/2025

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

**Sd/-
(DINESH MOHAN SINHA)
JUDICIAL MEMBER**

By Order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot