

**IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT BENCH "SMC" SURAT**

**BEFORE SHRI SANDEEP GOSAIN (JUDICIAL MEMBER)
AND
SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)**

**ITA No. 606/SRT/2025
Assessment Year: 2019-2020**

Jitubhai Narottambhai Patel,
Kumbhar Faliya, Gopivadi, Satem,
Navsari-396466.

**PAN NO. ABLPP 4256 B
Appellant**

ITO
New Delhi, New Delhi 110001.

Vs.

Respondent

Assessee by : None for assessee
Revenue by : Ms. Namita Patel, Sr. DR

Date of Hearing : 06/10/2025
Date of pronouncement : 07/10/2025

ORDER

PER OM PRAKASH KANT, AM

This appeal by the assessee is directed against order dated 27.03.2025 passed by the Ld. Commissioner of Income-tax (Appeals) – National Faceless Appeal Centre, Delhi [in short ‘the Ld. CIT(A)’] for assessment year 2019-2020, raising following grounds:

1. *The Ld. CIT(A), NFAC erred in confirming penalty u/s 272A(1)(d) of the Act.*
2. *The appellant submits that the Ld. CIT(A), NFAC has not considered the submission made by the appellant and on the facts and circumstances of the case the penalty is not justified and is required to be deleted.*

2. At the outset, we may record that despite due and proper service of notice, none appeared on behalf of the assessee at the



time of hearing. No application seeking adjournment was filed either. It, therefore, appears that the assessee is not interested in prosecuting the present appeal. We have, accordingly, proceeded to dispose of the appeal *ex-parte*, after hearing the arguments advanced by the Ld. Departmental Representative (DR) and upon a careful perusal of the material available on record.

3. The brief facts giving rise to the present appeal are that the Ld. Assessing Officer levied penalty under section 272A(1)(d) of the Income-tax Act, 1961 (“the Act”), for alleged non-compliance with the notices issued under section 142(1) of the Act. The Assessing Officer, in the impugned penalty order, recorded that during the reassessment proceedings, it was noticed that the assessee had deposited cash of Rs. 24,35,000/- in his account maintained with the Bank of Baroda. In order to verify the source of the said deposit, notices under section 142(1) were issued on 26.10.2023 and 29.11.2023. The assessee, however, did not respond to either of these statutory notices.

3.1. Since there was no compliance during reassessment proceedings, the Assessing Officer proceeded to complete the reassessment *ex-parte* under section 144 of the Act. Subsequently, penalty proceedings under section 272A(1)(d) were initiated for failure to comply with the aforesaid notices. As no reply was filed to the show-cause notice for penalty, the Assessing Officer imposed a penalty of Rs. 10,000/- per default,



aggregating to Rs. 20,000/-, for the two instances of non-compliance.

3.2. Before the Ld. CIT(A), the assessee had duly filed written submissions on 06.03.2025 and again on 24.03.2025. However, on a careful perusal of the impugned appellate order, it is manifest that the Ld. CIT(A) has neither extracted nor discussed the contents of such submissions. The appellate order is bereft of any consideration of the grounds raised or the reasoning advanced by the assessee. The Ld. CIT(A) has merely affirmed the penalty imposed by the Assessing Officer by observing as under:

“6. I have carefully considered the appellant's submissions placed on record and the same is found to be not in order. The undersigned upon verification of the records found that the AO had issued notices u/s 142(1) on 26-10-2023 and on 29-11-2023. Whereas, the appellant did not comply to the statutory notices issued by the AO. The provision of section 142(1) is a statutory noticed and in case of non-compliance of the notice issued by the AO, the appellant would be liable to be penalised u/s. 272A(1)(d) of the Act. However, section 273B provides relief to an assessee if he proves that there was reasonable cause for the said failure in complying with the notice.

6.2 In the instant case, the appellant has not proved any reasonable cause for such failures. Therefore, the undersigned finds that there is no occasion to interfere in the penalty order passed by the AO, levying the penalty of Rs. 20,000/- for failure on three occasions. Accordingly, the ground No. 1 & 2 raised by the appellant are hereby dismissed.”

4. Having given our consideration to the matter, we are constrained to observe that the appellate authority is statutorily obligated to render a reasoned order, reflecting due application of



mind to the submissions made and the material placed before it. The requirement to record reasons is not an empty formality but a vital facet of the principles of natural justice, ensuring transparency, fairness, and accountability in quasi-judicial adjudication. A mere reiteration of the Assessing Officer's conclusion, without dealing with the explanation offered by the assessee, cannot be sustained in the eyes of law.

4.1 In the present case, the Ld. CIT(A) has failed to examine the justification advanced by the assessee for non-compliance with the notices issued under section 142(1). The provision of section 273B of the Act clearly mandates that no penalty shall be imposed if the assessee proves that there was a reasonable cause for such failure. This aspect having not been examined, we consider it just, fair, and in the interest of substantial justice to set aside the impugned appellate order.

4.2 We, therefore, restore the matter to the file of the Ld. CIT(A) with a direction to decide the issue afresh, after duly considering the written submissions of the assessee and after affording a reasonable opportunity of being heard. The Ld. CIT(A) shall specifically record findings as to whether the assessee has been able to demonstrate a reasonable cause within the meaning of section 273B of the Act. If such cause is found satisfactorily established, the penalty levied shall accordingly stand deleted. Accordingly, the grounds raised by the assessee are allowed for statistical purposes.



5. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 07/10/2025.

**Sd/-
(SANDEEP GOSAIN)
JUDICIAL MEMBER**

**Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER**

Surat;

Dated: 07/10/2025

Rahul Sharma, Sr. P.S. (on Tour)

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Surat
5. Guard file.

//True Copy//

BY ORDER,

(Assistant Registrar)
ITAT, Surat