

IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, NAGPUR
BEFORE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER

ITA no.525/Nag./2025
(Assessment Year :2020-21)

Avinash Sewakdas Gondane,
12, Pramod Colony
Behind Tapar Hostel
Rajapeth, Amravati-444606,
Maharashtra.
PAN- ABUPG4568J

..... Appellant

v/s

Income Tax Officer
Ward-1,
Amravati-444606,
Maharashtra.

..... Respondent

Assessee by: None.

Revenue by :Shri Surjit Kumar Saha.Sr.DR

Date of Hearing – 14/10/2025

Date of Order – 14/10/2025

ORDER

The assessee has filed the appeal against the order passed by the CIT(A)/National Faceless Appeal Centre(NFAC) Delhi, u/sec 143(3) r.w.s.144B and u/sec 250 of the Income Tax Act, 1961 (for short "the Act") for the A.Y. 2020-21. The assessee has raised the following grounds of appeal:-

"1. Whether the Hon'ble CIT(A) is justified in confirming the order passed u/s 143(3) which is illegal, invalid and bad in law.

2. Whether the Hon'ble CIT(A) is justified in confirming the order passed by the Ld. AO making an addition at Rs.5,90,5927- in respect of leave encashment.

3. Whether the Hon'ble CIT(A) is justified in confirming the order passed by the Ld. AO where the assessee is claiming full exemption of Leave encashment of Rs. 12,74,660/- u/s 10(AA) which by mistake assessee failed to claim while furnishing the return of Income in the interest of justice.

4. Whether the Hon'ble CIT(A) is justified in confirming the order passed by the Ld. A.O. holding that assessee is not a Central Govt. Employee and thereby restrict claim of leave encashment up to Rs. 3,00,000/-.

5. Whether the Hon'ble CIT(A) is justified in confirming the order passed by the Ld. A.O. making addition at Rs. 84,000/- in respect of rent paid.

6. Whether the Hon'ble CIT(A) is justified in confirming the order passed by the Ld. A.O. making addition at Rs. 42,648/ in respect of relief calculated in the case of assessee.

7. Whether the Hon'ble CIT(A) is justified in confirming the order passed by the Ld. A.O. denying liability to pay interest u/s 234A, 234B and 234C of I.T. Act 1961.

2. The brief facts of the case are that, the assessee is a employee and has retired from Bharat Sanchar Nigam Limited (BSNL). The assessee has filed the return of income for the A.Y. 2020-21 on 12/12/2020 and revised return of income was filed on 11.03.2021 disclosing a total income of Rs.11,48,430/- after claiming the exemption under section 10(10AA)(i) of the Act. The case was selected for complete scrutiny on the issues (i) reduction of income in revised return & claim of refund and (ii) salary income. Subsequently notice was issued u/sec143(2) and U/sec142(1) of the Act The Assessing Officer find that the assessee has claimed excess exemption under section 10 of the Act in respect of his retirement amounts. The assessing officer find that the assessee has claimed excess claim of (i) exemption of pension amount (ii) excess claim of leave encashment under section 10(10AA)(i) of the Act and (iii)

excess claim of HRA exemption. The A.O has issued show cause notice and the assessee has filed the detailed reply on various dates explaining the services in the BSNL. Whereas the Assessing Officer has dealt elaborately and concluded that the assessee has claimed the excess leave encashment received from the BSNL. The observations of the Assessing officer that the employee of the Public Sector undertaking(PSU) is not entitled to benefits available to the government employee and made addition of (i) excess leave encashment of Rs.14,66,550/- (ii) pension amount of Rs.63,735/- and (iii) Excess claim of HRA exemption of Rs.84,000/-and assessed the total income of Rs.27,62,713/- and passed the order u/sec 143(3) r.w.s. 144B of the Act dated 01.09.2025. Aggrieved by the order, the assessee has filed the appeal before the CIT(A).

3. In appellate proceedings, the CIT(A) has considered the grounds of appeal, statement of facts, findings of the Assessing Officer and issued notices of hearing and since there was no compliance to the notices by the assessee, the CIT(A) considering the information on record has confirmed the action of the Assessing Officer and dismissed the appeal of the assessee by passing ex-parte order. Aggrieved by the order of the CIT(A), the assessee has filed appeal before the Hon'ble Tribunal.

4. Heard the Ld.DR submissions and perused the material available on record. The CIT(A) has dismissed the assessee's appeal, as there was no

compliance to the notices issued on various dates referred at Page 4.3 of the order in the appellate proceedings. Further the CIT(A) is of the opinion that the assessee is not interested in prosecuting its appeal and has confirmed the action of the Assessing Officer. Whereas, the assessee has raised grounds of appeal challenging the action of the assessing officer. There could be various reasons for non-compliance by the assessee which cannot be ruled out. Hence, considering the facts, circumstances, and to meet the ends of justice, the assessee should be provided with one more opportunity for hearing. Accordingly, the order of the CIT(A) is set aside and restore the disputed issues to the file of the CIT(A) to adjudicate issue afresh on merits and the assessee should be provided adequate opportunity of hearing and the assessee should also co-operate in submitting the information for early disposal of appeal. And the grounds of appeal of the assessee are allowed for statistical purposes.

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

Order pronounced on 14/10/2025 as per rule 34(5) of the ITAT Rules 1963

Sd/-
(PAVAN KUMAR GADALE)
JUDICIAL MEMBER

Copy of the order forwarded to:

- (1) The Assessee;*
- (2) The Revenue;*
- (3) The PCIT / CIT (Judicial);*
- (4) The DR, ITAT, Nagpur; and*
- (5) Guard file.*

Pradeep J. Chowdhury
Sr. Private Secretary

True Copy
By Order

Sr. Private Secretary
ITAT, Nagpur