

INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH "SMC": AGRA
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER
(Through virtual hearing)

ITA No. 226/AGR/2025
(Assessment Year: 2019-20)

Sheela Devi, Raya Road Nai Basti, Sadabad (Dehat), Hathras, UP	Vs.	Income Tax Officer, Ward-4(3)(1), Hathras
(Appellant)		(Respondent)
PAN: ESHPD4540M		

Assessee by :	Shri Rajesh Malhotra, CA
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	20/08/2025
Date of pronouncement	13/11/2025

ORDER

1. The appeal in ITA No. 226/AGR/2025 for AY 2019-20, arises out of the order of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. NFAC', in short] dated 18/03/2025 against the order of assessment passed u/s 147 r.w.s. 144B of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 29.12.2023 by the Assessment Unit, Income Tax Department (hereinafter referred to as 'Id. AO').

2. Though the assessee has raised several grounds, the only effective issue to be decided in this appeal is as to whether the salary arrears of Digambar Singh (since deceased) could be assessed in the hands of Smt. Sheela Devi (assessee herein) in her individual capacity, instead of being taxed in the capacity of legal heir of Late Digambar Singh.

3. I have heard the rival submissions and perused the material available on record. Smt Sheela Devi (assessee herein) is an individual deriving family Pension. Shri Digambar Singh (husband of the assessee) was under employment of Deputy Director Agricultural Extension, Banda. He died on 11.04.2016. Subsequently, after death of husband of Shri Digambar Singh, salary arrears pertaining to husband was received by the assessee during AY 2019-20. For the purpose of taxing this salary arrears, notice u/s 148 of the Act dated 27.03.2023 stood issued on the assessee in her individual capacity and assessment was framed u/s 147 read with section 144B of the Act on 29.12.2023 in her individual capacity bringing to tax the salary arrears of ₹27,19,935/- in the hands of the assessee by giving a categorical finding in page 4 Para 4.5 of the assessment order that the salary arrears pertained to the deceased person and since the payment is made to the legal heir i.e. the assessee herein, the same is to be taxed only in her hands. This action of the AO was upheld by Id NFAC.

4. I find that the provisions of section 159 of the Act has been completely ignored by the Id NFAC in the instant case. I hold that the salary arrears of the deceased person could be taxed in the hands of the legal heir only in capacity of legal heir of deceased person and the same cannot be taxed in the hands of legal heirs in her individual capacity per se. Hence, action of the revenue by completely ignoring the provisions of Section 159 of the Act cannot be sustained and the addition made in assessee hands in her individual capacity is hereby directed to be deleted. Accordingly, Ground No. 8 raised by the assessee is hereby allowed.

5. Since, the relief is granted to the assessee on preliminary ground, the adjudication of other grounds become academic in nature and they are left open.

6. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 13/11/2025.

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 13/11/2025
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi