

IN THE INCOME TAX APPELLATE TRIBUNAL, 'J (SMC)'  
BENCH MUMBAI

BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER  
&  
SHRI MAKARAND VASANT MAHADEOKAR,  
ACCOUNTANT MEMBER

ITA No.8359/Mum/2025  
(Assessment Year :2019-20)

Laxmanaram Ganchi Office No.5, 1 <sup>st</sup> Floor Plot No.36, Datta Niwas Maruti Mandir Marg 5 <sup>th</sup> Kumbharawda Durgadevi Udyan Mumbai – 400 004	Vs.	Income Tax Officer Ward 19(1)(5) Mumbai
<b>PAN/GIR No.ARSPG3253A</b>		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

Assessee by	Shri Jalaj Prakash
Revenue by	Shri Aditya Rai, Sr. DR
<b>Date of Hearing</b>	<b>08/01/2026</b>
<b>Date of Pronouncement</b>	<b>12/01/2026</b>

आदेश / O R D E R

**PER AMIT SHUKLA (J.M):**

The present appeal has been preferred by the assessee against the order dated 08.10.2025 passed by the National Faceless Appeal Centre (NFAC), Delhi, arising out of an assessment framed under section 147 read with sections 144 and 144B of the Income Tax Act, 1961, for the assessment year 2019-20.

2. The grievance raised by the assessee is confined to a solitary issue namely the action of the Assessing Officer in treating purchases aggregating to ₹36,12,300 as bogus and making an addition of the entire amount on a 100 percent basis, which addition has come to be sustained not on merits but on account of dismissal of the first appeal by the learned Commissioner of Income Tax (Appeals) on the ground of limitation.
3. At the outset, the learned counsel for the assessee submitted that both the assessment proceedings as well as the appellate proceedings before the learned CIT(A) were conducted *ex parte*, without effective service of notices upon the assessee. It was contended that the assessee had not received any notice either physically or electronically from the Assessing Officer during the reassessment proceedings, nor was he aware of the culmination of such proceedings until receipt of the notice of demand dated 01.01.2025.
4. It was further submitted that there was a delay of 295 days in filing the appeal before the learned CIT(A), which occurred due to circumstances beyond the control of the assessee. In support thereof, the assessee had filed a detailed petition for condonation of delay along with a sworn affidavit explaining the entire factual background leading to such delay.
5. The contents of the petition for condonation of delay filed before the learned CIT(A), along with the sworn affidavit of the assessee, setting out the reasons for the delay and the

circumstances under which the assessment proceedings remained unattended, are reproduced hereinbelow:

*"MR. LAXMANARAM GANCHI, the appellant, an individual, having address at Office No.5. 1st Floor, Plot No. 36. Datta Niwas, Maruti mandir Marg, 5th Kumbharwada. Durgadevi Udyan, Mumbai-400 004 do hereby humbly submit that*

*I have filed my ITR on 30.10.2019 u/s. 139 (1) of the Act for the A.Y. 2019-20 declaring total income of Rs. 9,23,960/- My total income consists Income from Business under the name & style of "M/s. Mecon Alloys Inc" of Rs. 9,62,143/- and Income from other sources of Rs. 364/-respectively for A.Y. 2019-20 after deductions under chapter VI-A of Rs. 38,550/-*

*The said return was processed u/s. 143(1) of the Act- Further my case was reopened and notice u/s 148 of the Act was issued to me in pursuant of information was flagged as per risk management strategy formulated by the CBDT under "High risk" category through insight module. As per the specific information available with the department, the assessee has entered into transaction with M/s. Shivay Trade Impex of Rs. 36,12,300/- during the A.Y.2019-20 who is identified as party involved in fraud input Tax credit detected by CEIB.*

*After issuing notice u/s. 148 of the Act, subsequently, notice u/s. 142(1) and 143(2) of the Act, were issued to the appellant. I did not receive any of the notices through physical method or online. The Email Id-accounts@ckpradeepco.com and mobile Number-769901519 added on the portal belonged to my tax consultant who was handling my tax compliances Mr. Pradeep K. Chhanang. Therefore, all communications were sent to above mentioned Email ID. My tax consultant failed to inform me about the pending assessment proceedings. He also did not file reply and comply with the online procedure probably due to poor health in his old age and lack of technical know-how. The assessing officer passed assessment order on 03.03.2024 and completed assessment u/s. 147 r. w.s. 144 r.ws 144B of the Act, by making additions of Rs. 36,12,300/- treating the said genuine purchases from M/s. Shivay Trade Impex as bogus on account of unexplained expenditure u/s. 69C of the Act to be taxed u/s 11588E of the Act.*

*I only became aware of the non-compliance when I was served with the notice of demand dated 01/01/2025. On becoming aware of the assessment order and the outstanding demand I engaged a new tax consultant CA Mr. Rohit Nawani in order to file an appeal at the earliest instance possible. I have filed an appeal before Commissioner of income tax (Appeals) on 21/01/2025 electronically vide acknowledgment No. 833413360210125.*

*After filing appeal, my new tax consultant received notice for hearing of the appeal but due to some emergency in his family, he sought adjournment but he didn't submitted entire details asked for and an ex-parte order was passed. During this period, I was visiting my native place for settling some family disputes and hence was not able to give full attention to the ongoing proceedings.*

*I further humbly submit that being a layman and due to lack of proper guidance and advice and being unaware of the assessment order before being served with the demand notice, I couldn't submit my appeal in time.*

*Your honour, my said appeal is dismissed by the Commissioner of Income tax (Appeals)-NFAC solely on the ground of barred by limitation on account of declining the condonation of delay of 295 days.*

*I hereby pray before your Honour to condone the delay in filing an appeal in time before the CIT(A) and request to admit my appeal in order to give me natural justice.*

*I hereby attach the Affidavit in the impugned matter for condonation of delay.”*

6. The assessee, an individual, had filed his return of income for the assessment year 2019–20 on 30.10.2019 under section 139(1) of the Act, declaring total income of ₹9,23,960. The income comprised business income earned in the name and style of “M/s. Mecon Alloys Inc” and income

from other sources, after claiming eligible deductions under Chapter VI-A. The return was processed under section 143(1) of the Act.

7. Subsequently, the case was reopened and notice under section 148 of the Act was issued on the basis of information flagged under the risk management strategy formulated by the CBDT through the Insight module, categorising the assessee under the “high risk” bracket, alleging that the assessee had entered into purchase transactions of ₹36,12,300 with M/s. Shivay Trade Impex, a concern stated to be involved in fraudulent input tax credit activities.

8. The case of the assessee is that the email address and mobile number registered on the income tax portal belonged to his erstwhile tax consultant, to whom all electronic communications were routed, and due to the consultant’s advanced age, poor health and lack of technical proficiency, the notices remained unattended, resulting in the assessment being completed *ex parte*.

9. The assessment was thus completed under section 147 read with sections 144 and 144B of the Act on 03.03.2024, wherein the Assessing Officer treated the impugned purchases as bogus and made an addition of ₹36,12,300 under section 69C of the Act.

10. The assessee submits that he became aware of the assessment proceedings only upon receipt of the notice of demand dated 01.01.2025 and thereafter, without undue delay, engaged a new tax consultant and filed an appeal

before the learned CIT(A) on 21.01.2025, which appeal, however, came to be dismissed solely on the ground of limitation.

11. We have carefully considered the rival submissions and perused the material available on record. The explanation furnished by the assessee for the delay in filing the appeal before the learned CIT(A), supported by a sworn affidavit, discloses a sequence of events which, taken cumulatively, constitutes sufficient cause. The assessee is a lay individual dependent upon professional assistance, and the failure to respond to the statutory notices and the consequent delay cannot be regarded as deliberate or contumacious. Once the delay is condoned, the addition on account of alleged bogus purchases necessarily warrants reconsideration, as it is a settled proposition that where purchases are recorded in the books of account, payments are made through banking channels, and there are corresponding sales, the entire amount of purchases cannot be added mechanically without proper examination of the books of account and supporting material. In the present case, the Assessing Officer has proceeded to make a 100 percent addition without undertaking such holistic verification. Accordingly, in the interest of justice, the delay of 295 days in filing the appeal before the learned CIT(A) is condoned, the impugned appellate order is set aside, and the matter is restored to the file of the Assessing Officer for fresh adjudication on merits in accordance with law, after affording due and effective opportunity of being heard to the assessee.

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

Order pronounced on 12<sup>th</sup> January, 2026.

**Sd/-**

**(MAKARAND VASANT  
MAHADEOKAR)**

**ACCOUNTANT MEMBER**

**Sd/-**

**(AMIT SHUKLA)**

**JUDICIAL MEMBER**

Mumbai; Dated 12/01/2026  
KARUNA, sr.ps

**Copy of the Order forwarded to :**

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

*//True Copy//*

BY ORDER,

(Asstt. Registrar)  
**ITAT, Mumbai**