

IN THE INCOME TAX APPELLATE TRIBUNAL
GUWAHATI BENCH, GUWAHATI
(VIRTUAL HEARING AT KOLKATA)

SHRI GEORGE MATHAN, JUDICIAL MEMBER
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER

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| ITA No. 311 & 312/GTY/2025 |
| Assessment Year : 2015-16 |

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| ITA No. 313 & 314/GTY/2025 |
| Assessment Year : 2016-17 |

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| Lalthangveli Pachuau, H. No. G 25 Lena Enterprise, Chanmari, Aizwal - 796007 [PAN: AIYPL4174E] | Vs. | ITO W-1, Silchar, Income Tax Office, CR Building, Circuit House, Road, Silchar - 788001 |
| APPELLANT | | RESPONDENT |

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| Assessee by | : | Shri Siddhant Sharma, FCA |
| Revenue by | : | Shri Santosh Kumar Karnani, Addl. CIT |

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| Date of hearing | : | 15.01.2026 |
| Date of Pronouncement | : | 16.01.2026 |

ORDER

PER LAXMI PRASAD SAHU, ACCOUNTANT MEMBER:

All these four appeals have been filed by the assessee against the separate orders passed by the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereafter "the Ld. CIT(A)] as under:

| Sr. No. | ITA No. | Appeal against order passed by AO | Date of order of CIT(A) | DIN & Order No. |
|---------|----------------------------|-----------------------------------|-------------------------|---------------------------------------|
| 1 | 311/Gty/25 A.Y. 2015-16 | 144/147 | 18.08.2025 | ITBA/NFAC/S/250/2025-26/1079671586(1) |
| 2 | 312/Gty/25 A.Y. 2015-16 | 271(1)(c) | 18.08.2025 | ITBA/NFAC/S/250/2025-26/1079671988(1) |
| 3 | 313/Gty/25 A.Y. 2016-17 | 144/147 | 18.08.2025 | ITBA/NFAC/S/250/2025-26/1079671755(1) |
| 4 | 314/Gty/25 A.Y. 2016-17 | 271(1)(c) | 18.08.2025 | ITBA/NFAC/S/250/2025-26/1079672172(1) |

2. All the appeals were filed by the assessee before the Ld. CIT(A) against the assessment order and penalty orders as under:

| Sr. No. | ITA No. | Appeal against order passed by AO | Date of order of CIT(A) | Delay in filling before CIT(A) | Addition made by AO |
|---------|---------|-----------------------------------|-------------------------|--------------------------------|---------------------|
|---------|---------|-----------------------------------|-------------------------|--------------------------------|---------------------|

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|---|----------------------------|-----------|----------|----------|--------------------------------|
| 1 | 311/Gty/25 A.Y. 2015-16 | 144/147 | 18.08.25 | 740 days | Rs. 4,55,80,950/- |
| 2 | 312/Gty/25 A.Y. 2015-16 | 271(1)(c) | 18.08.25 | 542 days | Penalty of Rs 4,64,78,895/- |
| 3 | 313/Gty/25 A.Y. 2016-17 | 144/147 | 18.08.25 | 303 days | Rs. 1,47,03,465/- |
| 4 | 314/Gty/25 A.Y. 2015-16 | 271(1)(c) | 18.08.25 | 42 days | Penalty of Rs. 50,88,576/- |

3. Briefly stated the facts of the case are that as per the information with the income tax department the assessee has deposited substantial amount of cash in his savings bank accounts in SBI Madame Cama Road, Mumbai but did not file return of income u/s 139 of the Act. Thereafter, a notice u/s 148 of the Act was issued to the assessee with the necessary approval from the competent authority and procedure were followed still the assessee did not file his return of income in response to notice u/s 148 of the Act and various other opportunities granted to the assessee. Finally, the AO had not left any other option and after an opportunity granted to the assessee before completing the assessment order u/s 144 of the Act, show cause notice issued to the assessee and time was granted but there was no response from the assessee at all. Accordingly, assessment was completed u/s 144 of the Act and the entire cash deposits were treated as income u/s 69A of the Act.

4. Aggrieved from the above order, the assessee filed appeal before the Ld. CIT(A) with a delay as noted supra stating the reasons for not filing appeal within the time but the reasons given by the assessee were not accepted and the Ld. CIT(A) dismissed the appeal of the assessee on the ground that the delay for filing appeal were not accepted and similar view was also taken by the Ld. CIT(A) regarding the penalty appeal and dismissed the appeal of the assessee.

5. Aggrieved from the above order, the assessee filed appeal before the ITAT.

6. The Ld. Counsel submitted that the Ld. CIT(A) has not condoned the delay in filing the appeal and without going into the merits of the case dismiss the appeal of the assessee and even the income of the assessee is exempt u/s 10(26) of the Act and the assessee has filed an affidavit explaining the reasons which is as under:

“1. That, I am an individual and a Schedule Tribe person belonging to Mizo (Lushal) Tribe and resident of Chanmari, in Alzawl District in the state of Mizoram whose Income is exempt from tax by virtue of sec 10(26) of the Act.

2. That, I am a Tribal person and also earning Income from the state of Mizoram which is considered as specified area. So, my Income earned from the specified area is exempt from tax by virtue of sec 10(26) of the Act.

3. That, an Assessment Order u/s 147 r.w.s 144 of the Income Tax Act 1961 for A.Y. 2016-17 was passed on 19.05.2023. The time limit for filing the appeal before CIT(A) was within 30 days from the receipt of the Assessment Order i.e. 18.06.2023. There was delay in filing the appeal of about 302 days

4. That, I am an individual and a person belonging to the Scheduled Tribe Mizo (Lushal) Tribe, a permanent resident of Mizoram, a specified area under the Income Tax Act. In accordance with Section 10(26) of the Act, my income is exempt from tax. Due to this specific legal provision applicable to my community and location, I held a genuine and bona fide belief that I was entirely exempt from all facets of Income Tax law, including the requirement to file returns of income or respond to complex proceedings. The community in my residential area of Chanmari generally holds the same understanding.

5. That, due to the prevailing understanding and the region's historical exemption, there is a significant lack of specialized legal and tax consultation services available locally. I had very limited knowledge of the procedural aspects of Income Tax Laws.

6. That, I was totally unaware of the income tax proceedings Initiated against me for A.Y. 2015-16. The letters and notices issued by the department were mostly delivered when I was away from my home or business premises. The individuals who received these notices, also being unaware of the gravity and implications of the Notarial Registration Income Tax Laws, misplaced them, resulting in a total failure of effective communication. Had I received any notice personally, I would have immediately sought compliance.

7. That, I am filling my return of income from A.Y. 2021-22 with the help of local tax consultant. After filing my return of Income for A.Y. 2023-24 on 31.12.2023 the local tax consultant has left my work without any prior notice. After that I had approached 10/11/2000 a Chartered Accountant to look after my case. The said Chartered Account after looking into my Income Tax Portal had Informed me about the Income Tax and MIZO Penalty proceedings completed against me.

8. That, after the appointment of new Chartered Accountant I am regularly filing the return of Income and making due compliances of the notices if any Issued by the Income Tax Department.

9. That, due to lack of knowledge of Income Tax Matters and dependence on local Tax Consultant, there was delay in filing the appeal before the Hon'ble CIT(Appeals).

10. That, I am a law abiding citizen and if I had known about the Income Tax proceedings, I would have definitely participated as I have a good case to succeed on merits.

11. That, the delay was not intentional and I was of the bonafide belief that all legal matters were being taken care of and further no litigant is benefitted from such delay. I being a law abiding citizen and a Schedule Tribe person with income exempt from tax and no exposure to Income Tax proceedings was prevented by sufficient cause from filing the appeal in time.

I solemnly affirm and declare that the above statements are true and correct to the best of my knowledge and belief, and nothing material has been concealed therein.

I, Lalthangvell Pachuau, do hereby verify that the contents of this affidavit are true and correct to the best of my knowledge and belief and that nothing material has been concealed.”

7. The Ld. Counsel further submitted that the income of the assessee is exempt u/s 10(26) of the Act. Therefore, the entire order passed by the Ld. CIT(A) and the AO are not sustainable for tax demand. Both the authorities have not allowed the exemption to the assessee and the assessee is eligible for exemption under section 10(26) of the Act. The Ld. Counsel further submitted that notice issued by the AO were not received by the assessee the notice might have been settled in the spam folder

and requested that one more chance may be given to the assessee to substantiate his cases.

8. On the other hand, the Ld. DR relied on the order of lower authorities and submitted that assessee has deposited huge cash in his bank account still did not file return of income and further in response to notice u/s 148 of the Act the assessee did not file return of income in spite of various opportunities granted to the assessee. Therefore, the AO was bound to pass an exparte order, before the Ld. CIT(A) the delay was not properly explained and he objected for giving one further chance to the assessee. He further submitted that without filling return of income no exemption can be granted to the assessee.

9. Considering the rival submissions, we noted that the assessee is in appeal before us against the order passed by the Ld. CIT(A) in which it has been observed that the Ld. CIT(A) has not condoned the delay and the reasons were explained. In this regard, the assessee has filed an affidavit dated 03.12.2025. On going through the affidavit filed by the assessee, we noted that the assessee had "reasonable cause" for not filing appeal within the due date. We also noted that the source of cash deposit have not been explained by the assessee during the course of assessment proceedings and assessment order was passed u/s 144 of the Act, even before us the Ld. Counsel did not explain the source of cash deposits and nature of business carried out by the assessee, since the issue is exparte order therefore, considering the facts of the case and interest of justice, we remitting this issue back to the file of AO for denovo consideration and decide the issue as per law after giving reasonable opportunity of being heard to the assessee with a cost of Rs. 5,000/- for each appeal with the consent of the Ld. Counsel and the assessee will have to produce the proof of payment of cost before taking of the case by the AO and the assessee is directed to substantiate his case with cogent material to

substantiate his case and not to seek unnecessary adjournment for early disposal of the case. In case of failure no second leniency granted to the assessee. We further noted that the assessee is also in appeal against penalty order passed section 271(1)(c) of the Act or for both the years which is consequential of quantum proceeding. Therefore, these appeals are also remitted back to the AO for denovo consideration in above terms a common order passed shall be kept in respective case files.

10. In the result, all four appeals filed by the assessee are allowed for statistical purposes.

Order pronounced on 16.01.2026

Sd/-
(George Mathan)
Judicial Member

Sd/-
(Laxmi Prasad Sahu)
Accountant Member

Dated: 16.01.2026
AK, Sr. P.S.

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. CIT(DR)

//True copy//

By order

Assistant Registrar, Kolkata Benches