

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "B" Bench, Hyderabad

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आयकरअपीलसं./I.T.A.No.1729/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2015-16)

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| The Income Tax Officer, Ward – 1(3), Hyderabad. | Vs. | Polu Venkatasubbaiah R/o. Tirupati PAN : AHJPP9804D |
| (अपीलार्थी/ Appellant) | | (प्रत्यर्थी/ Respondent) |

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| करदाता का प्रतिनिधित्व/ Assessee Represented by | : | None |
| राजस्व का प्रतिनिधित्व/ Department Represented by | : | Shri K. Vinoth Kannan, Sr. A.R. |
| सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing | : | 08.01.2026 |
| घोषणा की तारीख/ Date of Pronouncement | : | 13.01.2026 |

ORDER

PER MANJUNATHA G., A.M :

This appeal filed by the Revenue is directed against the order of the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [in short "NFAC"], Delhi, dated 13.08.2025, pertaining to the assessment year 2015-16.

2. The brief facts of the case are that, the assessee has not filed his return of income for the A.Y. 2015-16. As per the information available on record, during the F.Y. 2014-15 relevant to the A.Y. 2015-16, the assessee had transactions relating to purchase of two immovable properties amounting to Rs. 2,00,23,000/-. Since the assessee had not filed his return of income for the said assessment year, the Assessing Officer initiated proceedings and issued notice u/s 148 of the Income Tax Act, 1961 dated 26.03.2021 requesting the assessee to furnish his return of income for the A.Y. 2015-16. However, the assessee neither furnished the return of income nor filed any reply in response to the notice issued u/s 148 of the Act. Subsequently, statutory notices u/s 142(1) of the Income Tax Act, 1961 dated 06.07.2021, 20.12.2021 and 11.02.2022 were issued calling upon the assessee to furnish the required details and documents for verification of the issues involved. However, the assessee failed to comply with the same and did not furnish any explanation or evidence during the course of assessment proceedings. In view of these facts, the Assessing Officer completed the scrutiny assessment and determined the total income of the assessee at Rs. 2,00,23,000/-

by treating the investment in immovable property as unexplained investment u/s 69 of the Income Tax Act, 1961.

3. Thereafter, penalty proceedings u/s 271(1)(c) of the Act were initiated on the ground that, the assessee had concealed particulars of income for the A.Y. 2015-16. Accordingly, show cause notices u/s 271(1)(c) of the Act were issued to the assessee on 25.07.2022, 08.08.2022 and 25.08.2022, followed by a final show cause notice dated 09.09.2022, providing opportunities to furnish an explanation. However, the assessee failed to respond to the notices within the stipulated time. In the absence of any explanation from the assessee, the Assessing Officer concluded that, the assessee had concealed particulars of income within the meaning of section 271(1)(c) of the Income Tax Act, 1961 and accordingly levied penalty of Rs. 68,05,818/- vide order dated 22.09.2022.

4. On being aggrieved by the penalty order passed by the A.O. u/s 271(1)(c) of the Income Tax Act, 1961, dated 22.09.2022, the assessee preferred an appeal before the Ld. CIT(A). During the appellate proceedings, the assessee did not appear and also did

not file any explanation or supporting evidence in response to the notices issued by the appellate authority. In the absence of any compliance from the assessee, the Ld. CIT(A) proceeded to dispose of the appeal ex parte. The Ld. CIT(A), vide order dated 13.08.2025, upheld the penalty levied by the A.O. u/s 271(1)(c) of the Act, holding that, the assessee had failed to furnish any explanation or material to rebut the findings recorded by the A.O. and accordingly confirmed the penalty.

5. Aggrieved with the order of Ld. CIT(A), the assessee is now in appeal before the Tribunal.

6. None appeared for the assessee despite service of notice.

7. We have heard the Ld. DR and perused the relevant order passed by the Ld. CIT(A) dated 13.08.2025. Admittedly, the Ld. CIT(A) passed the ex parte order for non-prosecution by the assessee and dismissed the appeal filed by the assessee against the order passed by the A.O. under Section 271(1)(c), levying penalty on the ground that the appeal filed by the assessee against the quantum assessment order passed under Section 144 of the Act, was partially allowed by the Ld. CIT(A) vide order No.

ITBA/NFAC/S/250/2025-26/1078342051(1) dated 10.07.2025 passed u/s 250 of the Act, whereby the matter was set aside to the file of the A.O. in accordance with the proviso to Section 251(1)(a) of the Act with a direction to the A.O. to make a fresh assessment in accordance with the rules and timelines prescribed under Section 153(3) of the Act. However, the learned Senior A.R. for the Revenue placed on record a copy of the order passed by the Ld. CIT(A) dated 13.08.2025, wherein it is found that, the Ld. CIT(A) dismissed the appeal filed by the assessee for non-prosecution. From the above, it is very clear that although the appeal filed by the assessee against the order passed u/s 144 of the Act, has been dismissed for non-prosecution but the Ld. CIT(A) vide dismissing the appeal filed by the assessee against the order passed u/s 271(1)(c) of the Act, noted that, the appeal filed by the assessee has been set aside to the A.O. Since the Ld. CIT(A) dismissed the appeal filed by the assessee on different grounds without considering the case on merits, in our considered view, the order passed by the Ld. CIT(A) dt.13.08.2025 cannot be upheld. Accordingly, we set aside the order of the Ld. CIT(A) and restore the issue back to the file of the Ld. CIT(A) with a direction

to decide the issue involved in the appeal on merits after providing an opportunity of hearing to the assessee.

8. In the result, the appeal filed by the Revenue is allowed for statistical purposes.

Order pronounced in the Open Court on 13th January, 2025.

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| Sd/- (श्री रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER | Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER |
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Hyderabad, dated 13.01.2026.
TYNN/sps

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

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| 1. | निर्धारिती/The Assessee | : | Polu Venkatasubbaiah, 20-1-470/146, Navodaya Colony, Korlagunta, Tirupati – 517501, Andhra Pradesh. |
| 2. | राजस्व/ The Revenue | : | The Income Tax Officer, Ward – 1(3), Tirupati. |
| 3. | The Principal Commissioner of Income Tax (Central), Hyderabad. | | |
| 4. | विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad | | |
| 5. | गार्डफ़ाईल / Guard file | | |