

IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCH "E", MUMBAI

BEFORE SHRI ANIKESH BANERJEE, JUDICIAL MEMBER AND  
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

I.T.A No.7340/Mum/2025  
I.T.A. No.7558/Mum/2025  
(Assessment Year: 2018-19)

<b>Tanuj Pahilaj Lalwani</b> B 72 Madhugiri CHS, VN Purav Marg Near Bank of Baroda Chembur, Mumbai-400071 <b>PAN : AFZPL7911F</b>	<b>vs</b>	<b>Income Tax Officer Ward 27(3)(1)</b> IT-Office, Vashi Railway Station Building, Navi Mumbai-400073
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by : Shri Bhupendra Shah  
Respondent by : Shri Hemanshu Joshi (SR DR)

Date of hearing : 12/01/2026  
Date of pronouncement : 13/01/2026

**ORDER**

**Per Bench:**

Both appeals filed by the assessee are directed against the orders passed by the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as the "Ld. CIT(A)"], under section 250 of the Income-tax Act, 1961 (for brevity, "the Act"), for the Assessment Year 2018-19. The first appellate order, dated 04.02.2025, arises out of the assessment order passed by the Assessment Unit of the Income-tax Department [for brevity, "the Ld. AO"], under section 147 read

with section 144B of the Act, dated 02.03.2023. The second appellate order, dated 01.02.2024, arises out of the penalty order passed by the Assessment Unit of the Income-tax Department under section 271AAC(1) of the Act, dated 18.09.2023.

2. The registry informed that **ITA No.7340/M/2025** was filed with a delay of 197 days and **ITA No.7558/M/2025** filed with a delay of 569 days. The assessee filed condonation petition with the appeal sets. We find there is a sufficient reason for filing duly the said both the appeals. Accordingly, we condone the delay and both the files are taken for adjudication.

3. Both the appeals are related to the quantum addition as well as the penalty under section 271 AAC (1) of the Act. Both the appeals are taken together and heard together and passed a common order for convenience. **ITA No.7340/M/2025** is related to the quantum addition and **ITA No.7558/M/2025** is related to the consequential penalty.

4. The brief facts of the case are that the assessee is a non-filer of income-tax returns. The assessee, along with his father, Shri Pahilaj Tolaram Lalwani, purchased Flat No. 01 admeasuring 500 sq. ft., situated on Plot No. 690 of Bandra Town Planning Scheme No. 3, in Zindagi Co-operative Housing Society, on 08.09.2017. Based on information received from the Sub-Registrar, Mumbai, it was found that the assessee had jointly purchased the said flat with his father for a total consideration of Rs.1.50 crore. Consequently, the cases of both the assessee and his father were reopened. The assessee contended that he was

merely a co-owner of the property and that the entire consideration of Rs.1.50 crore was paid by his father. The assessee's father was accordingly assessed under section 147 read with section 144B of the Act by the Assessment Unit of the Income-tax Department vide order dated 12.03.2024. On perusal of the assessment order passed in the case of the assessee's father, it is noted that he had availed a loan of Rs.1,26,86,430/- for the purchase of the said property. Ultimately, an addition of Rs.86,86,430/- was sustained in the hands of the assessee's father under section 68 of the Act on account of unexplained loan.

In the case of the assessee, the Ld. AO issued notices during the course of assessment proceedings. However, due to non-compliance on the part of the assessee, the Ld. AO made an addition of 50% of the value of the purchased property, amounting to Rs.75,00,000/-, under section 69 of the Act read with section 115BBE of the Act, for failure to furnish details of the investment. Aggrieved, the assessee preferred an appeal before the Ld. CIT(A). However, the assessee remained non-compliant even before the Ld. CIT(A), who accordingly upheld the impugned assessment order. Being further aggrieved, the assessee has filed the present appeal before us.

5. The Ld. AR advanced arguments and filed a paper book comprising **pages 1 to 106**, which has been placed on record. On perusal of the assessment order, we observe that the Ld. AO had granted several opportunities to the assessee for submission of the requisite documents. The Ld. AO specifically called upon the assessee to furnish details of the investment relating to the purchase of the flat, in which the assessee was a co-owner. The relevant extract of the impugned

assessment order, as contained in paragraph 4.6 thereof, is reproduced below:

**“4.6 Conclusion drawn**

*The assessee has not filed any return of income for the year under consideration. When notice u/s 148 was issued on 31.03.2022, the assessee has filed return of income on 22.04.2022 declaring total income of Rs. 4,60,500/- in which commission on Agency business Rs. 1,04,950/-, income from other sources Rs. 3,62,055/-.*

*On perusal of the sale deed dated 08.09.2017 provided by Sub-Registrar, Mumbai, it was found that, the assessee has purchased an immovable property jointly with Shri Pahlaj Tolaram Lalwaniie. Flat No 01, admeasuring 500 Sq. Ft, Plot No 690, of Bandra Town planning Scheme No. III, Society known as Zindagi Co-oprative Housing Society. Further, perusal of sale deed, it was found that, payments were made through Cheques No 00001 to 00022 issued from 09.10.2016 to 16.06.2017 through HDFC Bank.*

*The assessee has not furnished complete details of investment and in his reply said that, full funds have been invested by first holder. No supporting documents have been furnished in support of his contention and only one bank statement maintained with Bank of Baroda and copy of 26AS furnished. Therefore, again a notice u/s 142(1) was issued on 19.01.2023. In the notice, total information of property i.e. Seller, purchaser, address of property, date of transactions has been provided and asked to explain as to why should not above investment is your income of the year and added to your total income and taxed demand accordingly. Further, asked to furnish source of investment with complete evidences, related bank statement receipts, vouchers and other relevant documents. The assessee has not furnished reply till date. Therefore, the assessee has thing to say in this issue.*

*Therefore Rs 75,00,000/- proposed to added to the total income of the assessee filed in response to notice u/s 148 of the IT Act as unexplained investment u/s 69 of the Income tax Act 1961 and taxed u/s 115BBE for the A.Y. 2018-19. Penalty proceedings u/s 271AAC(1) of the Income tax Act, 1961 initiated separately for unexplained investment in immovable property.”*

6. The Ld. AR submitted that the assessee had not contributed a single penny towards the purchase of the said property and that he was merely a co-owner along with his father. It was contended that the assessee's bank account was duly produced before the Ld. AO, and no transactions whatsoever were found therein relating to the purchase of the property. On the other hand, the bank account of the assessee's father maintained with HDFC Bank was furnished before the Ld. AO

and is placed at **APB pages 98 to 105**, which clearly reflects the entire financial transactions pertaining to the purchase of the said property. He further submitted that the assessee's father had availed a loan for the acquisition of the property, which was duly examined and assessed by the revenue. The assessment order passed in the case of the assessee's father has been placed on record at **pages 81 to 97** of the **APB**. It was thus argued that, in any event, the assessee was not involved in any financial transactions relating to the purchase of the property.

7. Per contra, the Ld. DR contended that the assessee had remained non-compliant at both stages of the proceedings. Owing to the failure of the assessee to properly furnish the requisite details before the Ld. AO, the addition came to be made. He, therefore, supported the orders passed by the revenue authorities.

8. We have heard the rival submissions and perused the material available on record. Upon consideration of the entire facts, it is evident that the assessee and his father jointly purchased a property for a consideration of Rs.1.50 crore. The entire financial transactions, including the loan availed for the purchase of the property, were undertaken by the assessee's father in his individual capacity. The said loan was duly examined by the revenue authorities, and a part thereof amounting to Rs.86,86,430/- was treated as unexplained and added under section 68 of the Act in the hands of the father. However, during the course of assessment as well as appellate proceedings, the assessee remained non-compliant with the revenue authorities in substantiating his claim. Although the assessee has contended before the Bench that he was not involved in any financial transaction relating to the purchase of the impugned flat, no supporting

material was placed on record before the revenue authorities. In the interest of justice, we are of the view that the assessee deserves one more opportunity to substantiate his claim by producing the necessary evidence before the Ld. AO. Accordingly, we restore the matter to the file of the Ld. Jurisdictional Assessing Officer (JAO) for verification of the assessee's transactions, if any, relating to the purchase of the property. Needless to say, the assessee shall be afforded a reasonable opportunity of being heard in the set-aside proceedings, and any evidence furnished by the assessee shall be duly considered in accordance with law. The assessee is also directed to remain diligent and fully co-operative during the set-aside assessment proceedings.

**ITA No. 7558/M/2025**

9. As regards the appeal challenging the penalty order, it is noted that a penalty of Rs.5,79,409/- was levied consequential to the quantum addition made in the impugned assessment year. In view of the aforesaid directions of the Bench whereby the quantum appeal has been restored to the file of the Ld. JAO, the penalty order is also set aside and remanded to the file of the Ld. JAO, with a direction to adjudicate the issue of penalty afresh after finalisation of the quantum assessment, in accordance with law.

10. In the result the appeal of the assessee bearing **ITA No. 7340 and 7558/M/2025** are allowed for statistical purpose.

Order pronounced in the open court on 13<sup>th</sup> day of January, 2026.

Sd/-

(PRABHASH SHANKAR)  
ACCOUNTANT MEMBER

Mumbai, दिनांक/Dated: 13/01/2026

Saumya Sr.PS

Sd/-

(ANIKESH BANERJEE)  
JUDICIAL MEMBER

**Copy of the Order forwarded to:**

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. आयकरआयुक्त CIT
4. विभागीयप्रतिनिधि, आय.अपी.अधि., मुंबई/DR, ITAT, Mumbai
5. गार्डफाइल/Guard file.

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BY ORDER,

(Asstt. Registrar), ITAT, MUMBAI