

IN THE INCOME TAX APPELLATE TRIBUNAL
INDORE BENCH, INDORE
(Conducted Through Hybrid Mode)

**Before: Shri Siddhartha Nautiyal, Judicial Member
And Shri B.M. Biyani, Accountant Member**

**ITA No. 305/IND/2025
Assessment Year: 2015-16**

Darasingh Patel 175, Bisnavda, Dhar Road, Indore (M.P.)- 453001, Madhya Pradesh PAN No: BNGPP4033E (Appellant)	Vs	The CIT(A) National Faceless Appeal Centre (NFAC) (Respondent)
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Appellant by : Shri Pranay Goyal, C.A.
Respondent by : Shri Ashish Porwal, Sr. D.R.

Date of hearing : 18-12-2025
Date of pronouncement : 21s-01-2026

आदेश/ORDER

PER : SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER:-

The present appeal has been filed by the assessee against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (in short "NFAC") Delhi vide order dated 16-07-2024 passed for A.Y. 2015-16.

2. The assessee has raised the following grounds of appeal:

1. That the order passed by the Ld. CIT(A) dt. 16.07.2024 passed u/s 250 of the Act, is erroneous in law and on the facts of the case, and the same deserves to be quashed.

2. That the Ld. CIT(A) erred in sustaining the order passed by the (Ld. A.O.) dt. 16.07.2024, as the Ld. AO has erred not to follow the principle of natural justice and giving proper opportunity of being heard and, therefore the demand is liable to be deleted.

3. That the Ld. CIT(A), erred to sustain the order passed by Ld. A.O. dt. 16.07.2024, as the Ld. A.O. erred to make an addition of Rs. 34,15,900/- U/s 68 of the Act to the total income of the appellant, considering such cash deposit in the savings bank account of the appellant to be income from undisclosed sources, particularly when such cash deposit was made out of the valid source and relevant documents regarding the advance sale consideration received on sale of agricultural land was duly provided to the Ld. A.O., therefore, such addition made is liable to be deleted.

4. That the Ld. CIT(A), erred to sustain the order passed by Ld. A.O. dt. 16.07.2024, as the Ld. A.O. grossly erred to make an addition of Rs. 37,95,000/-U/s 69 of the Act as unexplained investment, when in fact it was submitted before the Ld. A.O. that appellant has purchased an immovable property only to the tune of Rs. 37,95,000/-and sub-registrar, Indore-04, Area No. 2 has erroneously reported the purchase consideration to be 75,90,000/- i.e., exactly the double amount. Therefore, such addition is liable to be deleted.

5 That the Ld. CIT(A), erred to sustain the order passed by Ld. A.O. dt. 16.07.2024, as the above additions have been made by the Ld. A.O. without adhering to the appellants request to do further enquiry by issuing summons as per the provisions of Sec. 133(6) of the Act from the respective sub-registrar and from the purchaser of the land from whom advance cash was received.

6. That, the appellant craves leave to add/alter any of the grounds of appeal on or before the date of hearing.

3. The brief facts of the case are that the assessee, Shri Dara Singh, an individual engaged primarily in agricultural activities and also involved in a small milk supply business, did not originally file a return of income for Assessment Year 2015–16 as his income was stated to be below the taxable limit. Subsequently, the case was reopened under section 148 of the Income-tax Act, 1961 (“the Act”) on the basis of information available with the Department that the assessee had made cash deposits of ₹34,15,900/- in his savings bank account with State Bank of India and had also purchased an immovable property allegedly valued at ₹75,90,000/-. In response to the notice under section 148 dated 31.03.2022, the assessee filed a return of income on 06.05.2022 declaring a total income of ₹1,25,250/-. During the reassessment proceedings, notices under sections 143(2) and 142(1) of the

Act were issued and the assessee furnished certain submissions and documents online. However, the Assessing Officer was not satisfied with the explanations furnished by the assessee. The Assessing Officer observed that the assessee failed to satisfactorily explain the source of cash deposits amounting to ₹34,15,900/- and further noted a discrepancy in the purchase consideration of immovable property, as per information from the Sub-Registrar showing the value at ₹75,90,000/-, whereas the assessee produced a registered deed reflecting consideration of ₹37,95,000/- only. In the absence of satisfactory explanation regarding the source of cash deposits and the difference in property value, the Assessing Officer completed the reassessment under section 147 read with section 144B of the Act by making an addition of ₹34,15,900/- under section 68 of the Act as unexplained cash credit and ₹37,95,000/- under section 69 of the Act as unexplained investment. Accordingly, the returned income of ₹1,25,250/- was assessed at ₹73,36,150/-, resulting in a demand of ₹58,29,213/-.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the Commissioner of Income-tax (Appeals). In the grounds of appeal, the assessee contended that the assessment order was erroneous both on facts and in law, passed in violation of principles of natural justice, and contrary to the evidence on record. It was submitted that the cash deposits in the bank account were made out of valid sources, namely advance sale consideration received on sale of agricultural land, and that relevant documents in this regard had been furnished before the Assessing Officer. The assessee further contended that the addition under section 69 of the Act was unjustified as the actual purchase consideration of the immovable property was only ₹37,95,000/- and the higher value of ₹75,90,000/- was erroneously reported

by the Sub-Registrar. It was also submitted that the Assessing Officer failed to conduct proper enquiry despite specific requests to issue summons under section 133(6) of the Act to the Sub-Registrar and the purchaser of agricultural land. During the appellate proceedings before the NFAC, several notices were issued calling upon the assessee to file written submissions and supporting evidence in support of the grounds of appeal and also granting opportunities to make additional submissions. However, despite multiple communications issued through the ITBA portal on various dates, the assessee failed to file any written submissions or documentary evidence and did not effectively pursue the appeal. In view of total non-compliance and non-prosecution, the CIT(Appeals) proceeded to adjudicate the appeal ex parte on the basis of material available on record. While deciding the appeal, the CIT(Appeals) noted that the Assessing Officer had given sufficient opportunity to the assessee during the assessment proceedings to explain the source of cash deposits and the discrepancy in the value of immovable property, but the assessee failed to furnish satisfactory explanations or credible documentary evidence. The CIT(Appeals) observed that although the assessee claimed that the registered deed reflected a purchase consideration of ₹37,95,000/-, he could not satisfactorily explain the difference when confronted with information indicating purchase of property worth ₹75,90,000/-. Similarly, no satisfactory evidence was produced to explain the cash deposits of ₹34,15,900/-. The CIT(Appeals) further observed that the assessee did not discharge the primary onus cast upon him to substantiate his claims, either during the assessment proceedings or during the appellate proceedings. Placing reliance on judicial principles that an appeal must be effectively prosecuted and that the burden of proof lies on

the assessee, the CIT(Appeals) held that there was no infirmity in the action of the Assessing Officer in making the additions aggregating to ₹72,10,900/. In the absence of any submissions or evidence from the assessee, the CIT(Appeals) concurred with the findings of the Assessing Officer and upheld the additions. Consequently, all the grounds of appeal were dismissed and the assessment order was confirmed in full.

5. The assessee is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee.

6. Before us, the learned Counsel for the assessee submitted that the impugned order passed by the learned Commissioner of Income-tax (Appeals) is erroneous both on facts and in law and deserves to be quashed.

7. It was contended that the learned CIT(A) has mechanically sustained the assessment order without properly appreciating the facts on record and without addressing the specific contentions raised by the assessee. According to the learned Counsel, the appellate authority failed to independently examine the issues involved and merely affirmed the action of the Assessing Officer, thereby rendering the appellate order unsustainable. The learned Counsel further submitted that the assessment itself suffers from serious violation of the principles of natural justice, as the Assessing Officer did not grant a proper and effective opportunity of being heard to the assessee. It was argued that despite the assessee furnishing replies and documentary evidences during the reassessment proceedings, the Assessing Officer proceeded to make additions without conducting any enquiry and without considering the material placed on record. The learned Counsel

submitted that such an approach vitiates the assessment and consequently the appellate order sustaining the same. With regard to the addition of ₹34,15,900/- made under section 68 of the Act, the learned Counsel submitted that the Assessing Officer as well as the CIT(A) erred in treating the cash deposits in the savings bank account as income from undisclosed sources. It was contended that the cash deposits were made out of explained sources, namely advance sale consideration received on sale of agricultural land. The learned Counsel submitted that relevant documentary evidences in support of the source of cash deposits were duly furnished before the Assessing Officer, but the same were ignored without any cogent reasoning. It was argued that once a plausible explanation supported by documents was furnished, the burden shifted to the Department to disprove the same, which was not done in the present case. Regarding the addition of ₹37,95,000/- made under section 69 of the Act, the learned Counsel submitted that the addition is wholly unjustified and based on incorrect facts. It was explained that the assessee had purchased an immovable property for a consideration of ₹37,95,000/- only, which is duly reflected in the registered sale deed. The learned Counsel pointed out that the higher figure of ₹75,90,000/- was erroneously reported by the Sub-Registrar, Indore, being exactly double the actual consideration, and the assessee had no role in such incorrect reporting. It was submitted that despite bringing this factual error to the notice of the Assessing Officer and requesting verification from the Sub-Registrar, the Assessing Officer proceeded to make the addition without carrying out any independent verification. The learned Counsel further contended that the Assessing Officer failed to exercise his powers under section 133(6) of the Act, despite a specific request made by the assessee to issue summons to the

Sub-Registrar and to the purchaser of the agricultural land from whom advance cash was received. According to the learned Counsel, had such enquiries been conducted, the true facts would have been brought on record and the impugned additions would not have survived. The failure to carry out such essential verification, according to the learned Counsel, renders the assessment arbitrary and unsustainable.

8. In response, the Ld. DR placed reliance on the observations made by the Assessing Officer and Ld. CIT(Appeals) in their respective orders.

9. On careful consideration of the facts and circumstances of the case, the assessment order, the appellate order passed by the Commissioner of Income-tax (Appeals), and the submissions made by both sides before us, we are of the considered view that interest of justice, the matter deserves to be restored to the file of the CIT(Appeals) for fresh adjudication. We note that though the assessee raised specific factual and legal contentions before CIT(Appeals) with regard to the source of cash deposits, the actual purchase consideration of the immovable property, and the error in reporting by the Sub-Registrar, the appeal was disposed of ex parte primarily on account of non-prosecution. While the conduct of the assessee in not effectively pursuing the appeal before the CIT(Appeals) is certainly not justified, at the same time, the issues involved relate to substantial additions and require adjudication on merits after proper appreciation of facts and evidence.

10. We are of the considered view that in the interest of justice, one final opportunity is granted to the assessee to place all relevant material on record and if the CIT(Appeals) adjudicates the matter afresh by passing a reasoned

and speaking order on each of the issues raised. However, keeping in view the repeated non-compliance and lack of diligence on the part of the assessee during the appellate proceedings before the CIT(Appeals), we deem it appropriate to impose a cost so as to ensure that the assessee prosecutes the appeal responsibly hereafter.

11. Accordingly, we restore the matter to file of CIT(Appeals) for de novo consideration. The CIT(Appeals) shall adjudicate the appeal afresh on merits, in accordance with law, after affording the assessee a reasonable opportunity of being heard and after examining all explanations and evidences that may be furnished by the assessee. The assessee is directed to deposit a cost of ₹5,000/- before the CIT(Appeals) at the time of hearing, and the said cost shall be a condition precedent for availing the benefit of fresh adjudication. The assessee shall fully cooperate in the appellate proceedings and shall not seek unnecessary adjournments. The CIT(Appeals) shall be at liberty to proceed in accordance with law in case of any further default.

12. With these directions, the appeal of the assessee is allowed for statistical purposes.

Order pronounced as per Rule 34 of I.T.A.T. Rules 1963 on 21 -01-2026

Sd/-
(B.M. BIYANI)
ACCOUNTANT MEMBER
Indore: Dated 21/01/2026

Sd/-
(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-

1. Assessee
2. Revenue

- 3. Concerned CIT**
- 4. CIT (A)**
- 5. DR, ITAT, Ahmedabad**
- 6. Guard file.**

By order

Assistant Registrar
Income Tax Appellate Tribunal,
Indore Bench, Indore