

**IN THE INCOME TAX APPELLATE TRIBUNAL  
INDORE BENCH, INDORE  
[conducted through Hybrid mode]**

**BEFORE SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER &  
SHRI BHAGIRATH MAL BIYANI, ACCOUNTANT MEMBER**

**I.T.A. No.584/Ind/2025  
(Assessment Year: 2013-14)**

Sandhya Singh 121, Rohit Nagar Bawadia Kala Bhopal – 462 016 (M.P.)	The ITO – 2(3) BOPAL
<b>PAN No. AYCPS 9215 K</b>	
<b>(Appellant)</b>	<b>(Respondent)</b>

<b>Assessee by :</b>	Adv. Sh. Gagan Tiwari
<b>Revenue by :</b>	Ashish Porwal, Sr.DR

<b>Date of Hearing</b>	18/12/2025
<b>Date of Pronouncement</b>	21/01/2026

**ORDER**

**PER SIDDHARTHA NAUTIYAL - JM:**

The present appeal has been filed by the assessee against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as the “the CIT(A)"] dated 05/06/2025 passed for Assessment Year (AY) 2013-14.

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

*1. That the order dated 05/06/2025 passed by the Ld. NFAC is erroneous and untenable both on facts and in law, and is in violation of the principles of natural justice. The Ld. CIT(A) erred in mechanically upholding the order passed by the Assessing Officer, without applying independent judgment or properly appreciating the facts and law involved, and without affording the Appellant adequate opportunity of hearing.*

*1.1 That, the Ld. CIT (A) has completely disregarded the submissions and evidences produced by the Appellant before the Ld. AO and erroneously confirmed and upheld the passing of ex-parte order against the Appellant.*

*2. That the Ld. NFAC erred in confirming the reassessment proceedings initiated under Section 148 of the Act, without considering the absence of independent application of mind by the Assessing Officer to the material relied upon.*

*2.1 That the Ld. NFAC has erred in confirming the reassessment proceedings initiated under Section 148 of the Act for A.Y. 2013-14, despite the fact that the Assessing Officer failed to independently apply his mind to the material alleged to be 'tangible' and forming the basis for the belief that income had escaped assessment. The reasons recorded merely rely upon third-party information without any independent inquiry, analysis, or satisfaction by the Assessing Officer. Such mechanical initiation of reassessment proceedings, without proper formation of belief based on objective material, renders the proceedings invalid and unsustainable in law."*

*3. That the Ld. NFAC erred in confirming the addition of ₹3,62,68,600/- made by the Assessing Officer under Section 69A read with Section 115BBE of the Act, without due consideration of the facts and submissions duly placed on record during the reassessment proceedings.*

*3.1 That the Ld. NFAC erred in confirming the reassessment order without acknowledging that the Assessee had duly filed replies on 15/03/2022 and 21/03/2022 filed during the Assessment proceedings, clearly stating that the bank account of M/s Varusha Buildcon does not belong to the Assessee, and therefore, the Assessee is not liable to explain any cash credits in that account. Further, with respect to the bank account in the name of M/s Varusha Associates, the Assessee has furnished sufficient documents to explain the cash credits therein.*

*3.2 That the Ld. NFAC erred in confirming the addition of ₹3,62,68,600/- made by the Ld. Assessing Officer under Section 69A read with Section 115BBE of the Act, as the said addition is illegal and arbitrary. The addition*

*was made without proper verification or credible evidence to substantiate the alleged undisclosed income. The Assessing Officer failed to consider the explanations and documentary evidence furnished by the Assessee, which sufficiently accounted for the cash credits. Hence, the confirmation of such addition by the Ld. NFAC is unsustainable and liable to be set aside.*

*4. The appellant craves permission to raise additional grounds and to amend or alter the foregoing ground before the appeal is finally decided."*

3. **The brief facts of the case are** that the assessee, an individual, filed her return of income for Assessment Year 2013–14 on 28.03.2016 declaring a total income of ₹7,70,250/-. The return was originally processed under section 143(1) of the Income-tax Act, 1961 (“the Act”). Subsequently, based on information available with the Department that substantial amounts were credited in various bank accounts linked to the assessee’s PAN, which were disproportionate to the income disclosed in the return, the case was reopened under section 147 of the Act. The Assessing Officer noted that while the assessee had disclosed income from her proprietary concern M/s Milk & Milk, bank credits aggregating to ₹3,62,68,600/- were found in accounts held in her own name and in the names of proprietary concerns M/s Varusha Associates and M/s Varusha Buildcon, which were not reflected in the return of income.

4. During the reassessment proceedings, the Assessing Officer issued several statutory notices under sections 148 and 142(1) of the Act calling upon the assessee to file the return in response to the notice under section 148, explain the nature and source of the bank credits, and furnish details of her business activities and proprietary concerns. Despite repeated opportunities, the assessee largely remained non-compliant and did not

furnish the details sought. Though at a later stage **the assessee stated that she was not the proprietor of M/s Varusha Buildcon and furnished a bank manager's certificate and shop registration certificate in support of her claim, the Assessing Officer did not accept the explanation since the bank itself had reported that the said accounts were linked with the assessee's PAN.** As per the Assessing Officer, the assessee also did not provide any satisfactory explanation or documentary evidence regarding the credits appearing in the other bank accounts. In view of persistent non-compliance and lack of explanation, the Assessing Officer completed the assessment ex parte under section 147 read with section 144 and section 144B of the Act treating the entire sum of ₹3,62,68,600/- as unexplained money under section 69A of the Act and adding it to the income of the assessee, with tax charged under section 115BBE of the Act.

5. Aggrieved by the assessment order, the assessee preferred an appeal before the Commissioner of Income-tax (Appeals). In the grounds of appeal, the assessee challenged the validity of reopening of the assessment on the ground of alleged non-application of mind and absence of live link between the information and the belief of escapement of income, contended that the reassessment notice was invalid in law in view of the amended provisions applicable from 01.04.2021, and alleged violation of principles of natural justice on the ground that the assessment was completed under section 144 without properly considering her submissions. On merits, the assessee disputed the addition of ₹3,62,68,600/- under section 69A, **reiterating that one of the bank accounts did not belong to her and that the remaining credits were duly explainable**, and also objected to the levy of interest under sections 234A, 234B and 234C of the Act.

6. During the appellate proceedings, the Commissioner (Appeals) issued several notices under section 250 of the Act granting opportunities to the assessee to file written submissions and supporting documentary evidence. However, except for filing Form No. 35 along with a copy of the assessment order and producing certain certificates already relied upon before the Assessing Officer, the assessee did not file any written submissions or additional evidence on the e-filing portal despite repeated opportunities spread over a considerable period. The CIT(Appeals) noted that six opportunities were granted over nearly three years, but the assessee failed to effectively prosecute the appeal.

6.1. While adjudicating the grounds of appeal, the CIT(Appeals) first dealt with the challenge to reopening and observed that the Assessing Officer had clearly recorded reasons based on tangible material showing huge unexplained credits in bank accounts linked to the assessee's PAN, which were not disclosed in the return of income. Relying on settled legal principles, including the requirement of only a prima facie belief at the stage of reopening, the CIT(Appeals) held that the reopening was valid and rejected the assessee's objections in this regard. As regards the allegation of lack of opportunity, the CIT(Appeals) treated the ground as general in nature and noted that sufficient opportunities had been granted both during assessment and appellate proceedings. On the merits of the addition under section 69A, the CIT(Appeals) observed that the assessee had failed to furnish any satisfactory explanation regarding the nature and source of the substantial bank credits. The explanation that one of the bank accounts did not belong to her was found unsubstantiated, particularly when the bank had confirmed that

the account was linked to her PAN. Similarly, the claim that the credits in M/s Varusha Associates represented loans or advances was not supported by any documentary evidence such as loan confirmations or PAN details of the alleged lender. The CIT(Appeals) further noted that the assessee had not disclosed the existence of these proprietary concerns or the related receipts in her return of income and had failed to rebut the presumption of ownership of the bank credits. In the absence of any cogent evidence to explain the credits, the CIT(Appeals) held that the Assessing Officer was justified in treating the amount of ₹3,62,68,600/- as unexplained money under section 69A of the Act. Accordingly, after considering the assessment order, the grounds of appeal, the limited material placed on record, and the consistent non-compliance on the part of the assessee, the Commissioner of Income-tax (Appeals) upheld the action of the Assessing Officer in making the addition under section 69A read with section 115BBE. The appeal was thus dismissed both on account of non-compliance and on merits, and the assessment order for Assessment Year 2013–14 was confirmed in full.

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

8. **Before us, the learned Counsel for the assessee submitted** that the impugned order passed by the National Faceless Appeal Centre is erroneous both on facts and in law and has been passed in gross violation of the principles of natural justice. It was contended that the learned CIT(A) has mechanically upheld the reassessment order passed by the Assessing Officer without applying independent judgment, without properly appreciating the facts on record, and without granting the assessee an effective and meaningful

opportunity of being heard. According to the learned Counsel, the appellate authority failed to deal with the specific submissions and evidences that were already placed on record before the Assessing Officer and simply affirmed an ex parte assessment, which renders the appellate order unsustainable. On the issue of reopening of assessment, the learned Counsel submitted that the reassessment proceedings initiated under section 148 of the Act are invalid in law as there was no independent application of mind by the Assessing Officer while recording reasons to believe that income had escaped assessment. It was submitted that the reasons recorded for reopening are based purely on third-party information and borrowed satisfaction, without any independent inquiry, verification, or analysis by the Assessing Officer. The learned Counsel submitted that such mechanical initiation of reassessment proceedings, without establishing a live link between the material relied upon and the formation of belief, vitiates the entire reassessment proceedings and therefore the notice issued under section 148 deserves to be quashed. With regard to the addition made under section 69A read with section 115BBE of the Act, the learned Counsel submitted that the learned CIT(A) erred in confirming the addition of ₹3,62,68,600/- without properly considering the facts and explanations placed on record during the reassessment proceedings. It was pointed out that the assessee had duly filed detailed replies dated 15.03.2022 and 21.03.2022 before the Assessing Officer, which have been acknowledged even in the assessment order, but were completely ignored while framing the assessment as well as while deciding the appeal. **The learned Counsel specifically contended that the bank account in the name of M/s Varusha Buildcon does not belong to the assessee and, therefore, the assessee cannot be called upon to explain the credits appearing in that account.** It was further submitted that documentary

evidence, including bank-related certificates, was furnished to substantiate this claim, but the same was brushed aside without proper verification. In respect of the bank account in the name of M/s Varusha Associates, the learned Counsel submitted that the assessee had furnished sufficient documents and explanations to explain the nature and source of the credits, and therefore the addition made by the Assessing Officer was wholly arbitrary. It was argued that the addition under section 69A has been made without carrying out any meaningful verification and without bringing any credible evidence on record to establish that the credits represented undisclosed income of the assessee. The learned Counsel submitted that the Assessing Officer failed to consider the explanations and documentary evidence furnished by the assessee, and the learned CIT(A) also failed to examine these aspects independently. According to the learned Counsel, the confirmation of such a substantial addition merely on presumptions and surmises is illegal and contrary to the settled principles of law, and therefore the impugned addition deserves to be deleted. The learned Counsel concluded by submitting that the appellate order suffers from serious infirmities, both factual and legal, and prayed that the reassessment proceedings be quashed and the addition made under section 69A read with section 115BBE be set aside. The assessee also sought liberty to raise additional grounds or modify the existing grounds at the time of hearing, if so required.

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

10. Having considered the facts of the case, the assessment order, the appellate order, and the submissions advanced before us, we are of the

considered view that, in the interest of justice, the matter requires to be restored to the file of the Assessing Officer for fresh adjudication. We note that the reassessment was completed ex parte primarily on account of non-compliance and that the addition of ₹3,62,68,600/- under section 69A read with section 115BBE was made without a comprehensive examination of the explanations claimed to have been furnished by the assessee, particularly with respect to the ownership of the bank account of M/s Varusha Buildcon and the nature and source of credits in the account of M/s Varusha Associates. We also note that while the assessee did file replies dated 15.03.2022 and 21.03.2022 during the reassessment proceedings, the same were not examined in detail on merits owing to the manner in which the proceedings culminated. Further, the appellate proceedings also did not result in a merits-based adjudication supported by a full factual verification, largely due to non-prosecution by the assessee.

10.1. Considering the magnitude of the addition, we are of the opinion that one final opportunity should be granted to the assessee to substantiate her claims. At the same time, the assessee is duty-bound to fully cooperate and place all relevant material on record. Accordingly, we set aside the impugned orders and restore the entire matter to the file of the Assessing Officer for de novo consideration. The Assessing Officer is directed to examine afresh the validity of the reassessment proceedings, the ownership of the bank accounts in question, and the nature and source of the credits appearing therein, strictly in accordance with law, after affording the assessee a reasonable opportunity of being heard. The assessee shall be at liberty to file all relevant explanations, documents, confirmations, and evidences in support of her

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contentions, and the Assessing Officer shall consider the same objectively and pass a reasoned speaking order uninfluenced by the earlier orders.

11. In the result, the appeal is allowed for statistical purposes.

**Order is pronounced under provision of Rule 34 of ITAT Rules, 1963 on 21/01/2026.**

Sd/-

**(BHAGIRATH MAL BIYANI)  
ACCOUNTANT MEMBER**

Indore; Dated 21 /01/2026

Sd/-

**(SIDDHARTHA NAUTIYAL)  
JUDICIAL MEMBER**

Tcn\*

**आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT(A)
4. आयकर आयुक्त(अपील) / The CIT(A)- (NFAC), Delhi
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Indore
6. गार्डफाईल / Guard file.

**आदेशानुसार/ BY ORDER,**

**//True Copy//**

**(Dy./Asstt. Registrar/Sr. P.S./DDO)  
ITAT, Indore**