

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'A' BENCH
MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI MAKARAND VASANT MAHADEOKAR,
ACCOUNTANT MEMBER**

**ITA No.7350/Mum/2025
(Assessment Year :2017-18)**

Amit Narayan Karkera 501, Shivrajan Tower Building B3 Pashan, Pune-411 008	Vs.	Income Tax Officer Mumbai
PAN/GIR No.AKBPK6022D		
(Appellant)	..	(Respondent)

Assessee by	Shri Shalin Divatia
Revenue by	Shri Surendra Mohan, Sr.DR
Date of Hearing	19/01/2026
Date of Pronouncement	21/01/2026

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The present appeal has been filed by the assessee against the order dated 08.09.2025 passed by the National Faceless Appeal Centre, Delhi, arising out of an assessment framed under section 147 of the Income-tax Act, 1961, for the assessment year 2017-18. The assessee has challenged the dismissal of his appeal by the learned Commissioner of Income-tax (Appeals) as barred by limitation and has also assailed, on merits, the addition of ₹1,43,49,885/- made by the Assessing Officer as unexplained investment under

section 69 of the Act. Although before the first appellate authority the assessee had also raised grounds challenging the very initiation of reassessment proceedings under section 147, the learned CIT(A) declined to enter into the merits of the controversy and dismissed the appeal solely on the ground of delay. The assessee is, therefore, before us not only seeking condonation of the delay of 56 days in filing the appeal before the learned CIT(A), but also praying for adjudication of the substantive addition made in the ex parte reassessment order.

2. The factual background, as emerging from the record, reveals that the assessee is a non-resident Indian who has been residing and employed in the United States of America since January 2006. The assessment order, however, incorrectly records his residential status, which is factually erroneous and contrary to the undisputed position on record. The assessee has been employed with L&T Infotech, USA, since 23.01.2006 and was drawing an annual salary of USD 115,000, apart from other perquisites and benefits. During the relevant previous year, the assessee invested in a residential flat situated at Wadala, Mumbai, for which the allotment was issued by the builder and developer, Lodha Group, on 19.01.2017. For the purpose of acquiring the said flat, the assessee had availed a housing loan from HDFC Ltd., which was sanctioned on 06.01.2017. The sanctioned loan amount was ₹1,29,00,000/-, and the same was disbursed in five installments aggregating to the said amount, directly towards the purchase consideration of the flat. The loan

sanction letter, disbursement advice, and installment-wise details issued by HDFC Ltd. have been placed on record. The case of the Revenue is founded on information received through the Risk Management Strategy and reflected on the Insight Portal, which indicated that the assessee had purchased immovable property for a total consideration of ₹1,43,49,885/- during the assessment year 2017-18 and had not filed any return of income for the said year. Based on this information, notice under section 148 of the Act was issued. It is the consistent and categorical case of the assessee that he was never effectively served with the notice issued under section 148, nor was he made aware of any such proceedings, as he was a non-resident residing in the United States and had no knowledge of communications allegedly sent through the Income-tax Business Application (ITBA) portal or by way of electronic mail. Consequently, he could neither respond to the statutory notices nor file a return of income in response to the notice under section 148. In the absence of any compliance from the assessee, the Assessing Officer proceeded to complete the reassessment ex parte and treated the entire investment of ₹1,43,49,885/- as unexplained under section 69 of the Act.

3. The assessee contends that he became aware of the reassessment order only on 05.04.2025, when he consulted his Chartered Accountants, M/s Abhishek Surana & Co., who downloaded the copy of the order from the Income-tax Portal and provided a hard copy to him, and that thereafter the appeal before the learned CIT(A) was filed on 17.04.2025. The

appeal was thus delayed by 56 days from the prescribed period of limitation. Before the learned CIT(A), the assessee filed a detailed application for condonation of delay, wherein he explained that the delay was not deliberate, nor attributable to negligence or inaction, but was occasioned due to bona fide and genuine reasons beyond his control. The assessee specifically pointed out that he was residing and working in the United States, was unaware of the new Income-tax Portal, and had not been served with the reassessment order in any effective manner. It was also stated that there was no history of delay on his part and that refusal to condone the delay would permanently shut the door of statutory redressal available to him. Notwithstanding these explanations, the learned CIT(A) dismissed the appeal as barred by limitation without appreciating the peculiar factual context, the non-resident status of the assessee, and the genuine constraints under which he was operating.

4. We have carefully examined the application for condonation of delay and the reasons articulated therein. It is a settled principle of law that the expression "sufficient cause" employed in section 249(3) of the Act is to be construed liberally so as to advance substantial justice, particularly when no mala fides or deliberate inaction is attributable to the appellant. In the present case, the assessee is a non-resident Indian who has been residing in the United States since 2006. The record demonstrates that he was genuinely unaware of the reassessment proceedings and the passing of the assessment order, and that he came to know about the

same only when he consulted his Chartered Accountants in April 2025. The moment he became aware of the order, he acted with promptitude and filed the appeal within a reasonable time. The delay involved is only 56 days, which, in the given factual matrix, cannot be regarded as either inordinate or reflective of any contumacious conduct. The explanation tendered by the assessee is plausible, bona fide, and supported by surrounding circumstances. The Revenue has not demonstrated any mala fides or deliberate inaction on the part of the assessee. On the contrary, refusal to condone such marginal delay would result in grave miscarriage of justice by foreclosing the assessee's statutory remedy. In view of the totality of the facts and circumstances, we hold that sufficient cause has been shown within the meaning of section 249(3) of the Act. Accordingly, the delay in filing the appeal before the learned CIT(A) is condoned, and the dismissal of the appeal on the ground of limitation is set aside.

5. Having condoned the delay, we now proceed to adjudicate the substantive issue on merits. The addition of ₹1,43,49,885/- has been made by the Assessing Officer by invoking section 69 of the Act, treating the entire investment in the residential flat as unexplained. The record before us reveals that the assessee had availed a housing loan of ₹1,29,00,000/- from HDFC Ltd., a public financial institution. The loan was sanctioned on 06.01.2017 and disbursed in five installments, all of which were credited directly towards the purchase of the flat. The assessee has now placed on record

the loan sanction letter, disbursement advice, and installment-wise details issued by HDFC Ltd., which constitute independent third-party evidence and prima facie establish the source of a substantial portion of the investment. The balance amount of the purchase consideration has been stated to have been funded out of remittances made by the assessee from the United States, where he was gainfully employed and earning a substantial salary. This explanation, in the context of the assessee's long-standing overseas employment and income profile, is neither implausible nor inherently improbable. However, it is equally true that none of these documents or explanations were before the Assessing Officer at the stage of reassessment, since the proceedings were conducted ex parte and the assessee had no effective notice or opportunity to place the material on record. The addition, therefore, has been made purely on account of non-compliance and absence of explanation before the Assessing Officer, and not on the basis of any adverse finding on the veracity or genuineness of the source of investment. In such circumstances, to sustain the addition mechanically as unexplained investment, without affording an opportunity to the assessee to substantiate the source of funds, would be contrary to the settled principles of natural justice. It is trite law that section 69 can be invoked only when the assessee either offers no explanation about the nature and source of the investment or the explanation offered is found to be unsatisfactory; and where no explanation could be tendered only because the proceedings themselves were ex parte without effective service of notice,

the assessee cannot be non-suited on that ground alone. In the present case, the assessee has now furnished cogent documentary evidence establishing the source of ₹1,29,00,000/- from bank finance and has offered a plausible explanation for the balance amount being sourced from overseas remittances, which clearly warrants verification at the level of the Assessing Officer. Ordinarily, in such circumstances, the matter would merit restoration to the file of the Assessing Officer for fresh adjudication after affording due opportunity to the assessee. However, considering that the principal documentary evidence pertains to a housing loan from a reputed public financial institution and the supporting documents are already on record, we deem it appropriate, in the interests of substantial justice, to direct the Assessing Officer to verify these documents and grant appropriate relief in accordance with law. Accordingly, the addition of ₹1,43,49,885/- is set aside, and the Assessing Officer is directed to verify the loan documents and remittance details and recompute the income of the assessee after granting due relief.

6. In the result, the appeal of the assessee is allowed.

Order pronounced on 21st January, 2026.

Sd/-
(MAKARAND VASANT
MAHADEOKAR)

ACCOUNTANT MEMBER

Sd/-
(AMIT SHUKLA)

JUDICIAL MEMBER

Mumbai; Dated 21/01/2026
KARUNA, sr.ps

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,

(Asstt. Registrar)
ITAT, Mumbai