

IN THE INCOME TAX APPELLATE TRIBUNAL

"H(SMC)" BENCH, MUMBAI

BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER

SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER

ITA No.3006/MUM/2025
(Assessment Year : 2017-18)

Kishore Sewani

1st Floor 19, Krishna Niwas,
2nd Fanas Wadi Dadi Seth Aigari Lane,
Mumbai - 400002.
PAN: ABBPS4546F

..... Appellant

v/s

**Income Tax Officer,
Ward – 23(2)(6),
Mumbai**

..... Respondent

Assessee by : None
Revenue by : Shri Pravin Salunkhe, Sr. DR

Date of Hearing – 11/02/2026

Date of Order - 13/02/2026

ORDER

PER SANDEEP SINGH KARHAIL, J.M.

The assessee has filed the present appeal against the impugned order dated 27/02/2025, passed under section 250 of the Income Tax Act, 1961 ("the Act") by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, ["learned CIT(A)"], for the assessment year 2017-18.

2. When the appeal was called for hearing, no one appeared on behalf of the assessee, nor was any application seeking adjournment filed. From the perusal of the record, we find that the notice of hearing was sent to the assessee through Registered Post A/D as well as by e-mail at the postal/e-mail address provided in Form No.36. However, no one appeared on behalf of the assessee. Therefore, in view of the above, we proceed to decide this appeal *ex parte* qua the assessee on the basis of the material available on record and after hearing the learned Departmental Representative ("*learned DR*").

3. In this appeal, the assessee has raised the following grounds: –

"1. That on the facts and in the circumstances of the case Ld. AO has erred in making addition u/s 69A r.w.s 115BBE amounting to Rs. 14,39,648/-.

2. That on the facts and in the circumstances of the case Ld. AO has erred in disallowing set off of current years losses amounting to Rs. 2,05,053/- against other income of the assessee of the current year.

3. That the impugned assessment order and impugned CIT(A) order has erred in law while passing the impugned ex-parte assessment order u/s. 144 as the order was passed without affording any opportunity of being heard to assessee and against the principles of natural justice.

4. That the impugned assessment order and impugned CIT (A) order so passed is illegal and wrong."

4. We have considered the submissions of the learned DR and perused the material available on record. The brief facts of the case are that the assessee is an individual and for the year under consideration, filed his return of income on 07/11/2017, declaring a total income of Rs.10,39,780. The return filed by the assessee was selected for scrutiny under CASS, and statutory notices under section 143(2) of the Act were issued and served on the assessee on 24/09/2018. Thereafter, statutory notices under section 142(1) of the Act

were also issued and duly served on the assessee. However, the assessee failed to comply with the same and did not submit any details. Since the assessee did not respond to any statutory notices issued during the assessment proceedings, the Assessing Officer ("AO") proceeded to complete the assessment on a best judgment basis under section 144 of the Act. From the data analytics and information gathered during the phase of online verification under "Operation Clean Money", it was observed that the assessee had deposited cash amounting to Rs.14,39,648 in the bank account in the name of his proprietorship concern during the demonetisation period in Specified Bank Notes. The details of the cash deposited by the assessee during the demonetisation period are as follows: –

<i>S. No.</i>	<i>Name of the Bank account no.</i>	<i>Cash deposit (in Rs.)</i>
1.	Union Bank of India, Indore, 666301010050115	6,61,998
2.	Union Bank of India, Indore, 666301010050097	7,77,650
<i>Total amount</i>		<i>14,39,648</i>

5. Accordingly, the assessee was directed to explain the nature and source of the cash deposit. However, the assessee failed to respond to any of the queries raised during the assessment proceedings. Thus, the source of cash deposited during the demonetisation period remained unexplained. The AO, during the assessment proceedings, also issued notice under section 133(6) of the Act to the Union Bank of India, Carnac Bunder, Mumbai Branch, in which the assessee had a bank account and deposited the cash during the demonetisation period. In response, the Union Bank of India provided the necessary details as called for.

6. In the absence of any response from the assessee, the AO vide order dated 26/12/2019 passed under section 144 of the Act, treated the assessee as the owner of the cash deposited in the bank account, as the assessee did not offer any acceptable or cogent explanation regarding the source of the cash found in the bank account. Accordingly, the entire sum of Rs.14,29,468 deposited by the assessee in the bank account was treated as unexplained money under section 69A of the Act and added to the total income of the assessee. Further, it was found that the assessee has set off losses of the current year to the tune of Rs.2,05,053 against the other income of Rs.14,19,813, and thereby arrived at his gross total income of Rs.12,14,760. Since the assessee did not furnish any details to justify this claim of loss of Rs.2,05,053, the same was disallowed and was not allowed to be set off against the other income of the assessee from salary in house property was also not allowed. Accordingly, the AO computed the total income of the assessee at Rs.26,84,480 and taxed the same under section 115-BBE of the Act.

7. It is evident from the record that even though the assessee filed the appeal before the learned CIT(A), despite the grant of sufficient opportunities, no details were filed against the additions made by the AO. From the perusal of the impugned order, we find that the learned CIT(A) issued notices on 23/03/2021, 13/09/2023, 05/12/2023, 06/08/2024 and finally on 22/01/2025, but the assessee did not respond to any of these notices. Accordingly, the learned CIT(A) held that the assessee made no effort to counter the findings of the AO either by uploading the relevant documents or

explaining the matter in detail and chose to remain silent about the issue. Consequently, the appeal filed by the assessee was dismissed by the learned CIT(A).

8. Even though the assessee has filed an appeal against the order passed by the learned CIT(A) before the Tribunal, despite sufficient opportunities being granted, no one appeared on behalf of the assessee. Thus, the record shows complete non-compliant behaviour on the part of the assessee, as the assessee did not respond to the hearing notices issued at any stage of the proceedings. Surprisingly, the assessee has filed all its appeals, i.e. before us as well as before the learned CIT(A), within the prescribed limitation period. From the conduct of the assessee, it appears that the assessee is not interested in pursuing litigation against the additions made by the AO.

9. From the perusal of the record, it is evident that the addition under section 69A of the Act was made by the AO as the assessee deposited cash amounting to Rs.14,29,648 in the bank account in the name of his proprietorship concern during the demonetisation period in Specified Bank Notes. The assessee was granted sufficient opportunity by the AO to explain the source and nature of the cash deposited. As the assessee did not avail of any of the opportunities granted, the AO proceeded to treat the money as income of the assessee and taxed the same as unexplained money under section 69A of the Act. Further, since the assessee also could not justify the claim of loss of Rs.2,05,053, the same was disallowed, and the set off claimed against other income was also rejected. Therefore, it is evident that both the additions were made by the AO on account of the lack of explanation and the

failure to furnish the requisite details by the assessee. Since the assessee neither furnished any of these details before the lower authorities nor brought any material on record before us to controvert the addition made by the AO, we do not find any merit in the grounds raised by the assessee before us, and the same are dismissed.

10. In the result, the appeal by the assessee is dismissed.

Order pronounced in the open Court on 13/02/2026

Sd/-
VIKRAM SINGH YADAV
ACCOUNTANT MEMBER

Sd/-
SANDEEP SINGH KARHAIL
JUDICIAL MEMBER

MUMBAI, DATED: 13/02/2026

Prabhat

Copy of the order forwarded to:

- (1) *The Assessee;*
- (2) *The Revenue;*
- (3) *The PCIT / CIT (Judicial);*
- (4) *The DR, ITAT, Mumbai; and*
- (5) *Guard file.*

By Order

Assistant Registrar
ITAT, Mumbai.