

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

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER**

**ITA No.7934/Mum/2025 to 7936/Mum/2025
(Assessment Year :2016-17)**

Kishor Changya Patil Room No.942, Mahatma Phule Wadi Korba Mithagar Wadala (E) Mumbai – 400 037	Vs.	ITO 41 (1)(2), Mumbai
PAN/GIR No.AWUPP3007G		
(Appellant)	..	(Respondent)

Assessee by	Shri Ravikant Pathak
Revenue by	Shri Hemanshu Joshi, Sr. DR
Date of Hearing	11/02/2026
Date of Pronouncement	12/02/2026

आदेश / O R D E R

PER BENCH:

These appeals have been filed by the assessee against the separate impugned orders dated 22.09.2025 passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, arising from the quantum assessment framed under section 147 read with section 144 of the Income Tax Act, 1961, and the penalty orders passed under sections 271(1)(c), 271F and allied provisions for the assessment year 2016-17. The learned CIT(A), instead of adjudicating the

issues on merits, dismissed the appeals in limine on the ground that the appeals were filed beyond the prescribed period of limitation and, according to him, the reasons furnished by the assessee did not constitute sufficient cause warranting condonation of delay.

2. At the outset, the learned counsel for the assessee submitted that the learned CIT(A) has dismissed the appeals purely on technical grounds of delay without appreciating the genuine and bona fide reasons which prevented the assessee from filing the appeals within the prescribed period. He submitted that the assessee had filed a detailed affidavit explaining the circumstances which resulted in delay in filing the appeals and the reasons so explained clearly demonstrate that the delay was neither intentional nor deliberate, but arose due to lack of awareness and absence of knowledge regarding the assessment orders passed under the faceless regime.

3. From a careful perusal of the affidavit filed by the assessee and the material placed on record, the reasons for delay, as explained by the assessee, can be summarized in the following manner:

(i) The assessee is an individual having modest educational background, having studied only up to the 10th standard, and is employed as a salaried employee. His income during the relevant assessment years comprised primarily of salary and small amounts arising from participation in bond investment

schemes facilitated through his employer. The assessee remained under a bona fide belief that his income was either below or marginally around the taxable threshold and therefore did not anticipate any serious tax implications requiring immediate compliance or monitoring of electronic tax communications.

(ii) The assessee had participated in bond funding schemes facilitated by M/s. ECL Finance Limited, wherein temporary financial assistance was provided for making investments in bonds. Under this arrangement, the bonds were applied for and managed through financial arrangements involving demat accounts and bank accounts opened under irrevocable mandates in favour of the financing entity. The assessee has explained that such transactions yielded only nominal income after repayment of financial assistance and interest, and therefore he remained under the bona fide impression that his overall income did not warrant any immediate or vigilant tax compliance measures.

(iii) The assessee has categorically stated that no physical notices or communications from the income tax department were ever served upon him, nor was he aware of any assessment proceedings having been initiated or completed in his case. Since he had not previously created login credentials on the income tax portal and lacked familiarity with electronic communications under the faceless regime, he remained

completely unaware that assessment orders had been passed determining substantial additions in his hands.

(iv) It has been explained that it was only in the last week of April 2024, upon interacting with office colleagues who had made similar investments and had been subjected to tax scrutiny, that the assessee first became aware of the possibility that assessment proceedings may have been initiated in his case. Acting upon such information, the assessee immediately created login credentials on the income tax portal using his PAN, and only thereafter did he discover that assessment orders under section 147 read with section 144 had already been passed determining substantial additions.

(v) Immediately upon acquiring knowledge of the assessment orders, the assessee took prompt steps to seek professional assistance and filed appeals before the learned CIT(A) without any further undue delay. The delay which occurred was thus entirely attributable to the absence of prior knowledge of the assessment orders and lack of awareness regarding electronic communications, and not on account of any deliberate inaction, negligence or disregard of statutory obligations.

(vi) The assessee has further explained that he had actively pursued his appellate remedies thereafter by filing detailed submissions, documentary evidences and judicial precedents before the learned CIT(A), thereby demonstrating his bona fide

intent to contest the additions on merits and pursue the statutory remedy available to him.

4. However, despite the aforesaid bona fide explanation and the active steps taken by the assessee to pursue his appellate remedies, the learned CIT(A) dismissed the appeals solely on the ground of delay, without adjudicating the issues on merits, thereby denying the assessee an opportunity of having his grievances examined in accordance with law.

5. We have carefully considered the rival submissions, perused the affidavit filed by the assessee, and examined the material placed on record. The reasons explained by the assessee clearly demonstrate that the delay occurred due to genuine and bona fide circumstances arising from lack of awareness of electronic assessment orders, absence of physical communication, and limited familiarity with electronic tax compliance systems. The affidavit establishes that the assessee was prevented by sufficient cause from filing the appeals within the prescribed period, and that immediately upon acquiring knowledge of the assessment orders, he acted with reasonable diligence and promptitude.

6. It is a well-settled principle that the expression “sufficient cause” must receive a liberal construction so as to advance substantial justice. Procedural limitations are intended to regulate proceedings, but they should not operate in a manner that defeats substantive rights, particularly where the delay is neither intentional nor attributable to any mala fide conduct. In

the present case, there is nothing on record to suggest that the delay was deliberate or motivated by any improper consideration. On the contrary, the conduct of the assessee clearly reflects bona fide intent and reasonable diligence.

7. In view of the aforesaid facts and circumstances, and considering the bona fide explanation furnished by the assessee supported by affidavit and surrounding factual circumstances, we are satisfied that the assessee was prevented by sufficient and reasonable cause from filing the appeals before the learned CIT(A) within the prescribed period of limitation. Accordingly, the delay in filing the appeals before the learned CIT(A) stands condoned.

8. Since the learned CIT(A) has dismissed the appeals solely on the ground of limitation without adjudicating the issues on merits, the impugned appellate orders cannot be sustained. The statutory right of appeal is a valuable right, and once sufficient cause has been established, the assessee is entitled to have his grievances adjudicated on merits in accordance with law.

9. Accordingly, we set aside the impugned orders passed by the learned CIT(A) and restore the matters to his file with a direction to adjudicate the appeals afresh on merits, in accordance with law, after affording reasonable and effective opportunity of hearing to the assessee and after duly considering all evidences and submissions placed on record.

10. It is clarified that we have not expressed any opinion on the merits of the additions or penalty, and all issues are left open to be decided independently by the learned CIT(A) in accordance with law.

11. In the result, all the appeals of the assessee are allowed for statistical purposes.

Order pronounced in the open court on this 12th day of February, 2026.

Sd/-
(GIRISH AGRAWAL)
ACCOUNTANT MEMBER

Mumbai; Dated 12/02/2026
KARUNA, *sr.ps*

Sd/-
(AMIT SHUKLA)
JUDICIAL MEMBER

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