

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'D' BENCH, CHENNAI**

श्री इंदूरी रामा राव, लेखा सदस्य एवं श्री एस एस विश्वनेत्र रवि, न्यायिक सदस्य के समक्ष
**BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER**

आयकर अपील सं./ITA No.: 3502/CHNY/2025

निर्धारण वर्ष/Assessment Year: 2017-18

**Shri Ubaiyathulla Maricar Syed
Haji Ali Maricar,**
No.36, South Street Nagore,
Nagapattinam – 611 002.

The Income Tax Officer,
Vs. Ward-1,
Nagapattinam.

PAN: FMRPS 1648G

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Ms.Lavanya, CA

प्रत्यर्थी की ओर से/Respondent by

: Mr. SBR Kumar Laghimsetti,
Addl.CIT

सुनवाई की तारीख/Date of Hearing

: 20.01.2026

घोषणा की तारीख/Date of Pronouncement

: 12.02.2026

आदेश/ ORDER

PER INTURI RAMA RAO, ACCOUNTANT MEMBER:

This is an appeal filed by the assessee directed against the order of the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (in short 'CIT(A)') dated 04.09.2025 for the assessment year 2017-18.

2. Briefly stated facts are that the appellant is an individual. No return of income under the provisions of section 139(1) of the Income Tax Act, 1961 (hereinafter the 'Act') was filed for the assessment year 2017-18. However, based on the information available in the Insight Portal of ITBA that appellant made cash deposits of Rs.93,45,100/-in City Union Bank, the AO formed opinion that income escaped assessment to tax. Accordingly, a notice u/s.148 of the Act was issued on 14.03.2024 after duly complying with the procedure laid down u/s.148A of the Act. In response to notice u/s.148 of the Act, the return of income was filed for the assessment year 2017-18 on 11.06.2024 declaring income of Rs.3,38,790/-. The Appellant could not comply with the notice issued u/s.142(1) of the Act, calling for information from the Appellant. In the circumstances, the AO passed the best judgment assessment vide order dated 24.01.2025 passed u/s.147 r.w.s.144 r.w.s.144B of the Act at a total income of Rs.96,83,890/-. While doing so, the AO treated the cash deposits in the bank account of Rs.93,45,100/- as unexplained money of the appellant and made addition.

3. Being aggrieved by the above assessment order, an appeal was filed before the CIT(A), who vide impugned order dismissed

the appeal for non-prosecution. Being aggrieved, appellant is in appeal before us in the present appeal.

4. At the outset, the appellant raised additional grounds of appeal challenging the very jurisdiction of AO to exercise the power of reassessment. It is further contended that the cash deposits were made out of appellant's own funds which were previously withdrawn from the bank account.

5. On the other hand, the Ld.Senior DR opposed the above submissions, submits that the appellant had failed to respond to the hearing notices issued by the NFAC without valid reasons and therefore, the CIT(A) had disposed the appeal based on material available on record. Therefore, no interference in the impugned order is called for.

6. We heard rival submissions and perused the material on record. From perusal of the impugned order, it is clear that the NFAC while passing the ex-parte order had not adjudicated the issue raised in appeal on merits, instead the NFAC dismissed the appeal for want of prosecution of appeal. This approach of the NFAC is totally unreasonable and unjustified. The NFAC fell in

serious error by not adjudicating the issues in appeal on merits. The settled position of law mandates the NFAC to dispose of the appeal by adjudicating the issue raised in appeal on merits. In the present case, the NFAC had fell into serious error by not disposing of the appeal on merits. Therefore, we vacate this finding of the NFAC. In the circumstances, we remand the matter back to the file of the NFAC and direct to dispose of the appeal on merits in accordance with law after affording due opportunity of being heard to the appellant.

6. In the result, the appeal filed by the assessee is partly-allowed for statistical purposes.

Order pronounced in the open court on 12th February, 2026 at Chennai.

Sd/-

(एस एस विश्वनेत्र रवि)
(S.S. VISWANETHRA RAVI)
न्यायिक सदस्य/**JUDICIAL MEMBER**

Sd/-

(इंटूरी रामा राव)
(INTURI RAMA RAO)
लेखा सदस्य/**ACCOUNTANT MEMBER**

चेन्नई/Chennai,
दिनांक/Dated, the 12th February, 2026

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Madurai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.