

**THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD "SMC" BENCH**

**Before Dr. BRR Kumar, Vice President  
And Ms. Suchitra Kamble, Judicial Member**

**ITA Nos. 2107 & 2108/Ahd/2025  
Assessment Years 2013-14 & 2014-15**

Sunilkumar Bhagchand Talreja, Prop. Of M/s. Hari Traders, Nr. Sangh, Himmatnagar, Sabarkantha-383001 PAN: AGBPT4346F (Appellant)	Vs	The ITO, Ward-1 Himmatnagar (Respondent)
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**Assessee by: Ms. Astha Maniar, A.R.**

**Revenue by: Shri Veerbadram Vislavath, Sr. D.R.**

Date of hearing : 12-01-2026  
Date of pronouncement : 27-02-2026

**आदेश/ORDER**

**Per Suchitra Kamble, Judicial Member:**

These two appeals are filed against the order dated 26-08-2025 passed by National Faceless Appeal Centre (NFAC), Delhi for assessment years 2013-14 & 2014-15.

2. The grounds of appeals are as under:-

**ITA No. 2107/Ahd/2025 A.Y. 2013-14**

*"1. The Ld. CIT(A), NFAC has erred in law and on facts in dismissing the appeal without affording the proper opportunity of being heard and thus, against the principles of natural justice.*

*2. The Ld. CIT(A), NFAC, Delhi has erred in law and on facts confirming the action of the AO in levying a penalty of Rs. 10,000/- u/s. 271(1)(b) of the Act.*

3. *The Appellant craves leave to add, amend, delete or alter one or more grounds of appeal.*”

**ITA No. 2108/Ahd/2025 A.Y. 2014-15**

“1. *The Ld. CIT(A), NFAC has erred in law and on facts in dismissing the appeal without affording the proper opportunity of being heard and thus, against the principles of natural justice.*

2. *The Ld. CIT(A), NFAC, Delhi has erred in law and on facts confirming the action of the AO in levying a penalty of Rs. 10,000/- u/s. 271(1)(b) of the Act.*

3. *The Appellant craves leave to add, amend, delete or alter one or more grounds of appeal.*”

3. The assessee is an individual and filed his return of income for assessment year 2013-14 on 16-09-2013 declaring income of Rs. 1,81,470/-. Subsequently, the case was selected for scrutiny and notice u/s. 148 dated 31-03-2021 was issued to the assessee. In response to the notice u/s. 148 of the Act, the assessee filed his return of income at Rs. 1,81,470/-. The Assessing Officer observed that search action was carried out in Mehta Son Group on 30-07-2018 in the business premises of Mehta Finance, Ahmedabad. During the course of search proceedings, it was noticed that Mehta Finance has received cash against which cheque or DD issued to customers. The assessee also made transaction with M/s. Mehta Finance amounting to Rs. 13,96,041/-. Notice u/s. 142(1) of the Act dated 27-04-2021, 20-01-2022 and 11-03-2022 were issued but no response received and therefore the Assessing Officer passed assessment u/s. 144 of the Act on 30-03-2022. The Assessing Officer made addition of Rs. 13,96,041/- as unexplained u/s. 69C of the Act. Subsequently, proceedings u/s. 271(1)(b) of the Act was initiated through notice on 30-03-2022 for penalty by the Assessing Officer. The assessee filed his reply on 27-08-2022. After taking cognizance of the assessee's reply, the Assessing Officer levied penalty u/s. 271(1)(b) r.w.s. 274 of the Act thereby imposing penalty of Rs. 10,000/-

4. The assessee filed appeal before the CIT(A). The CIT(A) dismissed the appeal of the assessee.

5. The ld. A.R. submitted that the CIT(A) as well as Assessing Officer totally ignored the reply and the details filed by the assessee thereby mentioning the details of transaction to the extent of Rs. 13,96,041/-. The ld. A.R. submitted that in fact the Assessing Officer has taken into account the response to notice u/s. 148 of the Act and the assessee explained the details but the same was totally ignored by the Assessing Officer. The CIT(A) also has not taken cognizance of the assessee's claim. Due to the illness of his consultant, the assessee could not file any further documentary evidence but has given the details which were filed before the Assessing Officer. The penalty imposed u/s. 271(1)(b) was specifically to comply with the notice issued under sub-section (2) of section 115WD or under sub-section (2) of section 115WE or under sub-section (1) of section 142 or sub-section (2) of section 143 or fails to comply with a direction issued under sub-section (2)(a) of section 142. The Assessing Officer cannot impose penalty u/s. 271(1)(b) of the Act.

6. The ld. D.R. relied upon the assessment order and the order of the CIT(A).

7. We have heard both the parties and perused all the relevant materials available on record. There is a delay of 7 days in filing present appeal. Delay is condoned. It is pertinent to note that the assessee has shown his genuineness by responding the notice issued u/s. 148 and filing return of income. This part was noted by the Assessing Officer in the assessment order. At the time of issuance of notice u/s. 142(1), the assessee has clarified in Form 35 filed before the CIT(A) that his consultant

was ill and was not able to represent assessee's case before the Assessing Officer and there was a genuine reason for non-appearance, therefore the penalty should have not been imposed u/s. 271(1)(b) of the Act. Thus, the appeal of the assessee being ITA No. 2107/Ahd/2025 for assessment year 2013-14 is allowed.

8. As regards to ITA No. 2108/Ahd/2025 for assessment year 2014-15, the facts are identical to that of assessment year 2013-14, hence the same is allowed.

9. In the result, both the appeals filed by the assessee are allowed.

Order pronounced in the open court on 27-02-2026

**Sd/-**  
**(Dr. BRR Kumar)**  
**Vice President**  
**Ahmedabad : Dated 27/02/2026**  
a.k.

**Sd/-**  
**(Suchitra Kamble)**  
**Judicial Member**

**आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-**

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Ahmedabad
6. Guard file.

By order/आदेश से,

उप/सहायक पंजीकार  
आयकर अपीलीय अधिकरण,  
अहमदाबाद