

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT  
AND  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

<b>ITA No. 2654/Bang/2025</b>
<b>Assessment Year : 2016-17</b>

Shri Arehalli Rudrappa Vishwanatha, Arehally, Temple Belur, Hassan, Karnataka – 574 241. <b>PAN: AOTPV1192F</b>	<b>Vs.</b>	The Income Tax Officer, Ward – 1 & TPS, Hassan.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri Srikrishna Kantila, CA
Revenue by	:	Shri Balusamy N, JCIT-DR

Date of Hearing	:	23-02-2026
Date of Pronouncement	:	27-02-2026

**ORDER**

**PER SOUNDARARAJAN K., JUDICIAL MEMBER**

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 01/09/2025 in respect of the A.Y. 2016-17 and raised the following grounds:

*“1. The order of the learned Commissioner passes under section 250 of the Act is opposed to law, equity, weight of evidence, probabilities and the facts and circumstances in the Appellant's case.*

*2. The learned Assessing Officer has erred in law and on facts in treating the entire cash deposits of ₹62,06,480/- as unexplained income of the appellant without appreciating that the deposits were part of regular business transactions.*

3. The appellant resides in a rural area and has limited knowledge of the Income Tax website. The registered email ID belongs to the appellant's friend, and therefore, all notices sent to this email address did not come to the appellant's attention. The appellant received a hard copy of the show cause notice by post but was unable to submit a reply online due to login issues with the Income Tax website. Later, the appellant reset the password using a digital signature; however, by that time, the "reply" tab on the website was disabled, and the time limit for submission had already expired. Consequently, the final order was passed, and the appellant lost the opportunity to submit a reply.

4. The appellant is doing Fertilizer business for the assessment year 2016-17, the income of the appellant is below taxable limit, hence the appellant didn't file return of income for AY 2016-17. Assessee is also registered under Karnataka Sales tax act(VAT). Assessee also having all the documents in support of his trading activities, learned CIT Appeals had not considered this during appeal proceedings.

5. The learned CIT Appeals failed to consider that the appellant was eligible to declare income under the presumptive taxation scheme as per section 44AD, under which only 8% of turnover is deemed as income. The authorities below erred in not considering the fact that the appellant's total income, after allowable deductions under section 80C, was below the taxable limit for the relevant assessment year.

6. The learned CIT Appeals has further erred in not appreciating that part of the cash deposits represented agricultural income from the appellant's 4 acres of agricultural land, which is exempt under section 10(1) of the Act.

7. The learned Commissioner of Income tax has erred in not considering the documents and evidences duly submitted during the course of Appeal Proceedings, merely on the ground of delay in filing the appeal, without appreciating and adjudicating the matter on its merits.

8. The levy of interest and penalties under sections 234A, 234B, and 234C is unjustified and liable to be deleted since there was no taxable income. The orders passed by the lower authorities are bad in law, arbitrary, and contrary to the facts and circumstances of the case.

*9. The learned CIT Appeals has erred in law and on facts in initiating reassessment proceedings and issuing notice under section 148A beyond the period of limitation prescribed under the Income-tax Act. As per the amended provisions, no notice under section 148A can be issued after the expiry of three years from the end of the relevant assessment year, except in specific cases where the Assessing Officer possesses information suggesting that income chargeable to tax amounting to ₹50 lakh or more has escaped assessment. Even in such exceptional cases, the limitation is restricted to five years from the end of the relevant assessment year. In the present case, the alleged income escaping assessment does not exceed ₹50 lakh, and therefore, the issuance of notice under section 148A after the expiry of three years is beyond jurisdiction, contrary to law, and renders the reassessment proceedings invalid and void ab initio.”*

**2.** The brief facts of the case are that the assessee is a dealer in fertilizers and he has not filed his return of income on the ground that his income is below the taxable limit. The AO based on the information obtained in the INSIGHT Portal had found that the assessee had deposited cash of Rs. 54,62,600/- in its bank account. Therefore notice u/s. 148A(b) of the Act was issued but the assessee had not responded to the said notice and therefore an order u/s. 148A(d) was passed by the AO and simultaneously notice u/s. 148 was also issued on 08/03/2023. Thereafter several notices u/s. 142(1) was issued but the assessee had not responded to any of the notices and therefore finally a show cause notice was issued. Even for the said show cause notice, the assessee had not responded and therefore the assessee having no other alternative had made the assessment u/s. 144 of the Act. The AO had issued notice to the bankers u/s. 133(6) of the Act and based on that, the assessment was made on an income of Rs. 62,06,477/-. As against the said order, the assessee filed an appeal before the Ld.CIT(A) with a delay of 370 days. The assessee also filed an application to condone the said delay and explained the reasons in the grounds of appeal whereas in Column no. 15 of the form 35, he has not elaborately stated the reasons. The assessee in the application to condone the said delay has mentioned delay as 176 days whereas the Ld.CIT(A) had observed it as 370 days. But anyhow the Ld.CIT(A) had considered the reasons stated in column no. 15 of

form 35 and concluded that the assessee had no sufficient cause for condoning the said delay and dismissed the appeal filed by the assessee on the ground of limitation.

**3.** As against the said order, the assessee is in appeal before this Tribunal.

**4.** At the time of hearing, the Ld.AR submitted that the assessee had mistakenly stated in ground no. 4 the reasons for the said delay instead of furnishing the same in column no. 15 and also without filing a separate condonation application and explained the reasons for the said delay. The Ld.AR therefore submitted that even though the assessee had pointed out the reasons for the delay, since it was wrongly given in the grounds of appeal, the same was not considered by the Ld.CIT(A) and therefore prayed to grant an opportunity to appear before the Ld.CIT(A).

**5.** The Ld.DR relied on the orders of the lower authorities.

**6.** We have heard the arguments of both sides and perused the materials available on record.

**7.** We have considered the submissions made by the Ld.AR and also perused the grounds of appeal filed by the assessee in form 35. It is correct that the assessee had given reasons in the grounds of appeal as ground no. 4 but instead of giving it in column no. 15. Further the assessee had not furnished any separate applications before the Ld.CIT(A) explaining the reasons for the said delay. Therefore, the Ld.CIT(A) had concluded that the assessee has no sufficient cause for condoning the said delay. We do not find that the said finding is correct in view of the fact that the assessee had given the reasons in the grounds of appeal instead of column no. 15 of the form 35. No doubt it is the mistake committed by the assessee, anyhow the assessee had given reasons for the said delay. We have considered the reasons stated in the said ground no. 4 and also considered the fact that the assessment is made u/s. 144 of the Act, we are inclined to grant an

opportunity to the assessee to appear before the Ld.CIT(A) by condoning the said delay in filing the appeal. We, therefore set aside the order of the Ld.CIT(A) and remit this issue to the file of the Ld.CIT(A) for denovo consideration without raising the issue of limitation, on merits after hearing the assessee.

**8.** In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 27<sup>th</sup> February, 2026.

Sd/-  
(PRASHANT MAHARISHI)  
Vice – President

Sd/-  
(SOUNDARARAJAN K.)  
Judicial Member

Bangalore,  
Dated, the 27<sup>th</sup> February, 2026.  
/MS /

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|---------------|------------------------|
| 1. Appellant  | 2. Respondent          |
| 3. CIT        | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A)              |

By order

Assistant Registrar,  
ITAT, Bangalore