

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'SMC-A' Bench, Hyderabad

BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT
AND
SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER

आ.अपी.सं / **ITA.No.1098/Hyd/2025**

Assessment Year 2017-2018

Chaitanya Agarwal, Hyderabad. Telangana. PIN 500 012 PAN ARTPC2750K (Appellant)	vs.	The Income Tax Officer, Ward-7(1), Hyderabad. PIN – 500 084. Telangana. (Respondent)
निर्धारिती द्वारा/Assessee by	Sri Akshay Surana, CA	
राजस्व द्वारा/Revenue by	MS Reema Yadav, Sr. AR	
सुनवाई की तारीख/Date of hearing:	02.03.2026	
घोषणा की तारीख/Pronouncement:	04.03.2026	

आदेश / ORDER

PER VIJAY PAL RAO, VICE PRESIDENT :

This appeal by the Assessee is directed against the Order dated 27.11.2024 of the learned CIT(A)-National Faceless Appeal Centre [in short "NFAC], Delhi, for the assessment year 2017-2018.

2. There is a delay of 148 days in filing the present appeal. The assessee has filed a petition for condonation of delay along with the affidavit of the assessee as well as the affidavit of the accountant of the assessee. The learned Authorised Representative of the Assessee has submitted that the cause of delay in filing the present appeal is that the papers of the case were misplaced by the staff of the assessee and therefore, the assessee could not pay the attention to the matter and only when a show cause notice for penalty proceedings u/sec.270A Income Tax Act [in short "the Act"], 1961 dated 16.06.2025 was received by the assessee, he has realized that the appeal against the Order of the learned CIT(A) is yet to be filed. Immediately, thereafter, the assessee has taken steps to file the present appeal with a delay of 148 days. The learned Authorised Representative of the Assessee has submitted that the assessee has made a statement in the affidavit which is also corroborated by the accountant of the assessee in the affidavit of the accountant. The learned Authorised Representative of the Assessee has relied upon the decision of ITAT, Hyderabad Bench in the case of M/s.

Shakti Hormann Pvt. Ltd., Hyderabad vs. DCIT, Circle-3(1), Hyderabad in ITA.No.891/Hyd./2017 dated 11.03.2020. Thus, the learned Authorised Representative of the Assessee has pleaded that the delay of 148 days in filing the appeal may be condoned and the appeal of the assessee may be admitted for adjudication on merits.

3. On the other hand, the learned DR has opposed to the condonation of delay and submitted that the assessee has failed to explain any reasonable cause, much less a sufficient cause for the delay of 148 days in filing the present appeal. She has further contended that the conduct of the assessee right from the assessment proceedings till filing of the present appeal shows gross negligence and non-compliance therefore, the assessee does not deserve any lenient view.

4. We have considered the rival submissions and carefully perused the contents of the affidavit filed by the assessee and the affidavit of one Sri Deepak Sarma, Accountant of the assessee handling the tax matters. Further, the Assessing Officer has made an addition on account of unexplained cash deposit in the bank account

during the demonetization period while passing the ex-parte order which was confirmed by the learned CIT(A) while passing the impugned ex-parte order. The source of the said cash deposit remained unexplained and unexamined at the stage of the assessment as well as before the First Appellate Authority. Therefore, in the facts and circumstances of the case and in the interest of justice by considering the explanation of the assessee we take a lenient view to condone the delay of 148 days in filing the present appeal. Accordingly, the delay of 148 days in filing the present appeal is condoned.

5. The assessee has raised the following grounds of appeal:

1. *“The Order of the Ld Commissioner of Income Tax, Appeal (“CIT(A) (National Faceless Appeal Centra “NFAC”) is erroneous and bad in law*
2. *The NFAC erred in not providing reasonable opportunity of being heard to the appellant which is against the principles of Natural Justice.*
3. *The NFAC failed to appreciate that assessment order passed U/s 144 is invalid and non est as the same has been passed without mentioning the DIN number and is in violation of procedures laid down in Circular no 19/2019[F no 225/95/209-ITA.11]*

4. *The NFAC erred in making addition of Rs.10,45,000 as unexplained Cash Credit U/s 68 of the Income Tax Act 1961.*
 5. *The NFAC ought to have appreciate the fact that the cash deposits of Rs.10,45,000 were made out Income already admitted to tax by the assessee in the current year and earlier years.*
 6. *The NFAC ought to have appreciated the fact that income of Rs.9,10,068 and Rs.9,25,975 have already been offered as other income for the assessment years 2016-17 and 2017-18.*
 7. *The NFAC erred in disallowing chapter VI A deductions of Rs.1,50,805.*
 8. *Without prejudice to the above the NFAC has erred in not considering the fact that the Assessment order passed U/s 144 in invalid as the same has been passed without issue and service of mandatory show cause notice under first proviso to section 144.”*
6. The learned Authorised Representative of the Assessee has submitted that due to non-communication of the notice issued by the Assessing Officer as well as the learned CIT(A) the assessee could not participate in the proceedings before the Assessing Officer as well as learned CIT(A). Thus, he has pleaded that the addition made by the Assessing Officer of Rs.10,45,000/- is highly arbitrary and unjustified when the income declared by the assessee in the preceding year and current year itself is a source of the said

deposit. He has thus pleaded that the impugned order of the learned CIT(A) may be set aside and the matter may be remanded to the record of the Assessing Officer to verify the facts and evidence in respect of the source of the deposit of Rs.10,45,000/- in the bank account of the assessee.

7. On the other hand, the learned DR has submitted that despite sufficient opportunities given by the Assessing Officer as well as the learned CIT(A) the assessee did not comply with any of the notices. She has relied upon the Orders of the authorities below.

8. We have considered the rival submissions as well as relevant material on record. For the year under consideration, the assessee has filed return of income on 24.03.2018 declaring total income of Rs.7,75,170/-. The case of the assessee was selected for limited scrutiny under CASS with reasons 'substantial cash deposited during the demonetization period'. The Assessing Officer passed the assessment order ex-parte u/sec.144 Income Tax Act [in short "the Act"], 1961 whereby an addition of Rs.10,45,000/-

was made on account of unexplained cash deposit in the bank account. The said addition was confirmed by the learned CIT(A) while passing the impugned order ex-parte. We further note that as per the return of income for the assessment year 2016-2017, the assessee declared total income of Rs.7,62,010/- and for the year under consideration, the assessee has declared total income of Rs.7,75,170/-. Therefore, while considering the income declared by the assessee for the preceding year as well as for the year under consideration, in our opinion, the assessee be given an opportunity to explain the source of the cash deposit in question. Accordingly, in the facts and circumstances of the case, we set aside the impugned order of the learned CIT(A) and remand the matter to the record of the Assessing Officer for fresh adjudication of this issue, after verification and examination of the source of the deposit with supporting evidence to be filed by the assessee. Needless to say, the assessee be given an opportunity of being heard before passing the fresh order.

9. In the result, appeal of the Assessee is allowed for statistical purposes.

Order pronounced in the open Court on 04.03.2026.

Sd/-
[MADHUSUDAN SAWDIA]
ACCOUNTANT MEMBER

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Hyderabad, Dated 04th March, 2026

VBP

Copy to:

1.	Chaitanya Agarwal, 15-2-264, Maharajgunj, Hyderabad. PIN 500 012 Telangana.
2.	The Income Tax Officer, Ward-7(1), Opp Botanical Garden Road, Kondapur, Hyderabad – 500 084. Telangana.
3.	The Pr. CIT, Hyderabad.
4.	The DR, ITAT, “SMC-A” Bench, Hyderabad.
5.	Guard file.

BY ORDER