

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'B' Bench, Hyderabad

Before Shri Manjunatha G., Accountant Member
and
Shri Ravish Sood, Judicial Member

आ.अपी.सं /**ITA No.1785/Hyd/2025**
(निर्धारण वर्ष/Assessment Year:2016-17)

Pedaveeti Swathi, Hyderabad. PAN: FUGPS2126J	Vs.	Income Tax Officer, Ward-9(1), Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Shri T. Chaitanya Kumar, Advocate	
राजस्व द्वारा/Revenue by:	Dr. Sachin Kumar, Sr.AR	
सुनवाई की तारीख/Date of Hearing:	26/02/2026	
घोषणा की तारीख/Date of Pronouncement:	04/03/2026	

आदेश / ORDER

PER. RAVISH SOOD, J.M:

The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, dated 03/06/2025, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under section 147 r.w.s 144 r.w.s 144B of the Income Tax Act, 1961 (for short, "the Act"), dated 27/02/2024 for the Assessment Year (AY) 2016-17. The assessee has assailed the impugned order of the CIT(A) on the following grounds of appeal:

“1. The learned Commissioner of Income-tax (Appeals) order is erroneous in facts and law.

2. The learned Commissioner of Income-tax (Appeals)-NFAC, Delhi, erred in upholding the assessment order passed u/s 147 r.w.s 144 r.w.s 1448 dated 27.02.2024, which was itself bad in law, illegal, and void ab initio. The impugned order is passed without giving a reasonable opportunity of being heard and hence liable to be quashed.

3. The learned Jurisdictional Assessing Officer (JAO) Issued notice u/s 148 on 25.03.2023, instead of Faceless Assessing Officer (FAO) whereas the alleged information and proceedings pertain to A.Y. 2016-17. The said notice is invalid and contrary to the provisions of Section 149 of the Act as amended by the Finance Act, 2021. Therefore, the reassessment proceedings initiated on the basis of such an invalid notice are void and without jurisdiction. Consequently, all proceedings and orders arising therefrom stand vitiated.

4. The learned CIT (Appeals)/Assessing officer issued notice, proceeded to pass order u/s.148 of the Act on 02.04.2022 which is contrary to the provisions of section 151A of the Act read with the CBDT notification. It is submitted that as per CBDT Circular No.18/2022, dt. 29.03.2022, Faceless Assessing Officer ought to have issued notice under section 148 of the Act to continue the proceedings thereafter, whereas in the present matter the Jurisdictional Assessing Officer has issued notice under section 148 of the Act which is contrary to the procedure prescribed under the E-Assessment of Income Escaping Assessment Scheme, 2022, dt.29.03.2022. notice u/s 148 of the IT Act dated: 02.04.2022 by the Jurisdictional Assessing Officer (JAO).

5. The learned AO erred in not following the mandatory procedure laid down u/s 148A (a)-(d) before issuance of notice u/s 148. The approval and satisfaction required from the specified authority under the amended law were not properly obtained or recorded, rendering the reassessment invalid in law.

6. The assessment was completed ex-parte without ensuring due service of statutory notices u/s 142(1) and 144. The appellant did not receive effective opportunity to submit replies or supporting evidence. Hence, the assessment order passed u/s 147 r.w.s 144 r.w.s 1448 is against the principles of natural justice and deserves to be annulled.

7. The learned CIT(A) also erred in disposing of the appeal ex-parte without providing effective hearing, despite repeated requests and submissions made earlier. The order was passed solely based on the assessment record without appreciating the appellant's contentions, which is arbitrary and unsustainable.

8. The learned authorities erred in disregarding the appellant's explanation that the cash deposits were sourced from agricultural income earned from family agricultural lands measuring 36.25 acres. The addition made u/s 69A without verifying ownership and revenue records is unjustified.

9. The AO failed to conduct any independent verification or enquiry regarding the genuineness of agricultural income, family ownership, or NRE bank transactions. The order was passed mechanically, only relying on AIR information and without any supporting material to conclude escapement of income.

10. The addition of 63,74,000/- u/s 69A is erroneous, as the deposits are duly explained and not in the nature of unexplained money. The AO erred in applying Section 69A read with Section 115BBE mechanically without establishing ownership or unexplained nature of the amount.

11. The faceless assessment and appeal proceedings have not adhered to the due process laid down under Section 144B and relevant CBDT notifications. The mechanical approach adopted, without providing effective opportunity, renders the order liable to be set aside.

12. Without prejudice to the above grounds, the addition of 63,74,000/- is excessive, arbitrary, and based on mere surmise. The authorities failed to consider withdrawals, re-deposits, and agricultural earnings during the relevant period.

13. Any other ground/grounds may be urged at the time of hearing.”

2. Succinctly stated, the AO based on information gathered from the Insight portal in accordance with the Risk Management Strategy formulated by the CBDT that the assessee during the subject year had carried out substantial financial transactions, but had not filed her return of income, issued notice under section 148 of the Act, dated 25/03/2023. However, the assessee failed to comply and did not file her return of income.

3. During the course of the assessment proceedings, the AO observed that the assessee during the subject year had made cash deposits of Rs.55.74 lakhs in her Savings Bank account with ICICI Bank Limited. On being queried, it was the claim of the assessee that the subject cash deposits were receipts sourced out of her agricultural income. Apart from that, we find that the assessee had in the course of the assessment proceedings also assailed the validity of the jurisdiction that was assumed by the AO for issuing notice under section 148 of the Act.

4. Thereafter, the AO issued notice under section 142(1) of the Act, dated 26/09/2023, wherein she was called upon to furnish certain details. As the assessee failed to furnish the requisite details and respond to the aforesaid notice, therefore, the AO issued a notice under section 133(6) of the Act, dated 17/10/2023 to ICICI Bank Limited, wherein it was called upon to furnish a copy of the bank statement of the assessee.

5. The AO, based on the bank statement of the assessee with ICICI Bank observed that the assessee had during the subject year made cash deposits of Rs.63.74 lakhs. As the assessee had failed to come forth with any explanation regarding the source of the subject cash deposits, therefore, the same were held as having been sourced out of her unexplained money under section 69A of the Act.

6. Aggrieved, the assessee carried the matter in appeal before the CIT(A) but without success.

7. The assessee aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

8. Shri T. Chaitanya Kumar, Advocate, Learned Authorized Representative (for short, "Ld. AR") for the assessee, at the threshold of hearing of the appeal, submitted that the same involved a delay of 59 days. Elaborating on the reasons leading to the delay, the Ld. AR had drawn our attention to the application filed by the assessee seeking condonation of the delay in filing of the appeal, which is accompanied with an affidavit of the assessee, dated 25/02/2026. Elaborating further on the reasons leading to the delay, the Ld. AR submitted that the same had crept in for the reason that the assessee after the dismissal of her appeal by the CIT(A), had acted upon the advice of an Advocate and filed the Writ Petition before the Hon'ble High Court of Telangana in W.P. No.28421 of 2025. The Ld. AR submitted that the Hon'ble High Court vide its order, dated 22/09/2025 had after taking cognizance of the fact that the assessee/petitioner had an alternative remedy available with her by assailing the impugned order of the CIT(A) before the Tribunal, thus for the said reason declined to exercise its discretionary jurisdiction. The Ld. AR had drawn our attention to the order passed by the Hon'ble High

Court of Telangana in W.P. No. 28421 of 2025, dated 22/09/2025, wherein the Hon'ble High Court after declining to exercise its discretionary jurisdiction had observed that the assessee/petitioner would remain at liberty to approach the Tribunal and raise all grounds of appeal and facts before the said forum. Also, the Hon'ble High Court had observed that in case the appeal suffers from delay, then the period consumed in pursuing the Writ Petition will be excluded by the Tribunal.

9. The Ld. AR submitted that based on the observations of the Hon'ble High Court of Telangana (supra) the period involved in the filing of the Writ Petition by the assessee/petitioner before the Hon'ble High Court till the date of its order, i.e., upto 22/09/2025 be excluded for reckoning the period of limitation for filing of the present appeal. The Ld. AR submitted that as the assessee has filed the present appeal with the Tribunal on 29/10/2025, which after excluding the aforesaid period is well within the period of 60 days, therefore, the same may be condoned.

10. Per contra, Dr. Sachin Kumar, Learned Senior Departmental Representative (for short, "Ld. Sr-DR") did not raise any objection to the seeking of condonation of delay by the assessee/appellant.

11. We have given thoughtful consideration and after taking cognizance of the order of the Hon'ble High Court of Telangana in W.P. No.28421 of 2025, dated 22/09/2025, herein exclude the period

consumed by the assessee/petitioner in pursuing the Writ Petition before the Hon'ble High Court and admit the appeal.

12. Coming to the merits of the case, we find that the controversy therein involved hinges around the treatment of the entire cash deposits of Rs.63.74 lakhs in the bank account of the assessee with ICICI Bank Limited in absence of any explanation forth coming on the latter's part as regards the source of the same, as her unexplained money under section 69A of the Act.

13. We find that the AO in the absence of any explanation from the assessee regarding the source of the cash deposits of Rs.63.74 lakhs made in her bank account had made an addition of the entire amount under section 69A of the Act.

14. On appeal, the CIT(A) in absence of the prosecution of the appeal by the assessee, coupled with the fact that no material was placed on record which would suffice to dislodge the impugned addition made by the AO under section 69A of the Act, upheld the addition and dismissed the appeal.

15. We find that that the CIT(A) had given 5 opportunities to the assessee to participate in the proceedings before him, i.e., vide notices dated 03/05/2024, 21/11/2024, 28/01/2025, 28/02/2025 and 19/03/2025, but he had not put any appearance on either of the said dates.

Accordingly, the CIT(A) after referring to the assessment order had found no infirmity in the same and had upheld the addition made by the AO.

16. We have given thoughtful consideration and though principally concur with the CIT(A) that in case, the assessee despite having been put to notice about hearing of the appeal fail to participate in the said proceedings, then the same cannot be stalled and had to be proceeded with, but are unable to persuade ourselves to subscribe to the manner in which he had summarily approved the view taken by the AO and upheld the addition without adjudicating the specific grounds of appeal based on which the impugned order was assailed before us. We say so, for the reason that the assessee had assailed the impugned addition made by the AO before the CIT(A) based on multi facet grounds, viz., (i) the assessment was barred by limitation; (ii) the subject cash deposits in her bank account during the year under consideration were sourced from her agricultural income; (iii) that the AO without considering the explanation of the assessee had without calling for any further details/clarification framed the assessment to the best of his judgment without judiciously applying his mind, and considering the fact that the assessee having left India during the year 2007 was holding the residential status of a Non-Resident Indian (NRI). In our view, when the

assessee/appellant had based on specific grounds of appeal assailed the assessment order before the CIT(A), then, it was incumbent on the part of the CIT(A) to have adjudicated upon all the said grounds and based on a reasoned and speaking order disposed of the same. However, we find that the CIT(A) had summarily approved the view taken by the AO, which instead of being based on adjudication on merits of the specific grounds raised before him was driven more by the fact that the assessee had failed to prosecute the appeal and participate in the proceedings before him. Although, the CIT(A) had observed that the assessee had failed to produce any documentary evidence in the course of the proceedings before him, which could substantiate the source of cash deposits of Rs.63.74 lakhs (supra).

17. We have given thoughtful consideration and taking cognizance of the aforesaid facts read in the backdrop of the fact that the assessee is stated to be a Non-Resident Indian (NRI), and claims that the subject cash deposits in her bank account were sourced out of her agricultural income, the matter in all fairness and in the interest of justice merits to be restored to the file of the AO who is directed to readjudicate the same. Needless to say, the AO shall in the course of the set aside proceedings afford a reasonable opportunity of being heard to the assessee. In case, the assessee is able to substantiate based on supporting documentary

evidence that the cash deposits in her bank account were made out of her agricultural income on any other explained source, then, to the said extent, the addition so made by the AO under section 69A of the Act shall stand deleted.

18. In the result, appeal filed by the assessee is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the open court on 04th March, 2026.

Sd/- (MANJUNATHA G.) ACCOUNTANT MEMBER	Sd/- (RAVISH SOOD) JUDICIAL MEMBER
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Hyderabad,
Dated 04th March, 2026.
OKK / SPS

Copy to:

S.No	Addresses
1	Pedaveeti Swathi, Plot No.14, Sai Nagar Colony, Road No.1, Nagole, Hyderabad, Telangana-500068.
2	Income Tax Officer, Ward-9(1), IT Towers, AC Guards, Masab Tank, Hyderabad-500004, Telangana.
3	The Pr.CIT, Hyderabad.
4	The DR, ITAT Hyderabad Benches
5	Guard File

By Order

Sr. Private Secretary,
ITAT, Hyderabad.