

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, AHMEDABAD**

**BEFORE SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER
& SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

I.T.A. No.2609/Ahd/2025
(Assessment Year: 2022-23)

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| Ajitbhai Bhimabhai Bharwad, O-2, Parimal Park, IOC Colony Road, Viramgam, Ahmedabad-382150 | Vs. | Income Tax Officer, Ward-3(1)(1), Ahmedabad |
| [PAN No.CORPB9107G] | | |
| (Appellant) | .. | (Respondent) |

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| Appellant by : | Shri Tej Shah, A.R. |
| Respondent by: | Shri C Dharani Nath, Sr. DR |

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| Date of Hearing | 10.03.2026 |
| Date of Pronouncement | 12.03.2026 |

O R D E R

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short “Ld. CIT(A)”), National Faceless Appeal Centre (in short “NFAC”), Delhi vide order dated 29.10.2025 passed for A.Y. 2022-23.

2. The assessee has taken the following grounds of appeal:

“1. That the Ld. CIT(A) erred in law and in the facts of the case in confirming the order of the AO in making an addition of Rs. 39,60,750/- u/s 69 of the Act.

2. That the Ld. CIT(A) erred in law and in the facts of the case in confirming the order of the AO in making an addition of Rs. 48,00,000/- u/s. 69A of the act.”

3. The brief facts of the case are that the assessee, an individual, filed the return of income for Assessment Year 2022-23 declaring total income of ₹16,250/-. The case was selected for complete scrutiny under CASS on

the issues of huge cash deposits and purchase and sale of immovable property. During the course of assessment proceedings, the Assessing Officer examined the details relating to purchase of immovable properties and cash deposits in the bank account of the assessee. The Assessing Officer observed that the assessee had purchased two immovable properties during the relevant financial year for a total consideration of ₹1,55,59,600/-. The assessee submitted that the source of investment to the extent of ₹1,15,98,850/- as being from unsecured loans received from four persons amounting to ₹71,50,000/- and sale proceeds of another property amounting to ₹44,48,850/-. However, the Assessing Officer found that the assessee had not satisfactorily explained the balance investment of ₹39,60,750/-. The Assessing Officer also noted that the claim of availability of cash and gifts was not supported by reliable documentary evidence such as cash book or proof of availability of funds. Accordingly, the Assessing Officer treated the amount of ₹39,60,750/- as unexplained investment under section 69 of the Act and added the same to the income of the assessee. The Assessing Officer further observed that the assessee had deposited cash of ₹55,00,000/- in his Bank of Baroda account during the relevant year. The assessee submitted that the deposits were made out of earlier cash withdrawals and from a gift of ₹7,00,000/- received from relatives. The Assessing Officer accepted the gift to the extent of ₹7,00,000/- on the basis of confirmation filed by the assessee, but held that the balance amount of ₹48,00,000/- remained unexplained as the assessee failed to establish any nexus between earlier withdrawals and the subsequent deposits. Therefore, the Assessing Officer treated the amount

of ₹48,00,000/- was treated as unexplained money under section 69A of the Act. The Assessing Officer also examined unsecured loans of ₹71,50,000/- received from four persons and observed that confirmations, PAN details and supporting documents such as land records and sale deeds were produced establishing the creditworthiness of the lenders. Accordingly, no addition was made under section 68 of the Act. Finally, the assessment was completed assessing the total income at ₹87,77,000/- after making additions of ₹39,60,750/- under section 69 of the Act and ₹48,00,000/- under section 69A of the Act and penalty proceedings under section 271AAC were also initiated.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the CIT(Appeals). During the appellate proceedings, the learned CIT(Appeals) issued several notices of hearing to the assessee on different dates. However, the assessee failed to furnish any written submissions or documentary evidence in support of the grounds of appeal despite repeated opportunities. The learned CIT(Appeals) therefore observed that the assessee had not effectively pursued the appeal and had failed to discharge the onus of substantiating the claims made in the grounds of appeal.

5. While adjudicating Ground No. 1 relating to the computation of total income, the learned CIT(Appeals) held that the Assessing Officer had examined the relevant facts and made additions based on material available on record. With regard to Ground No. 2 challenging the addition of ₹39,60,750/- under section 69 of the Act, the learned CIT(Appeals) observed that the assessee had failed to explain the source of the

investment despite being given adequate opportunity and therefore the addition was justified. In respect of Ground No. 3 relating to the addition of ₹48,00,000/- under section 69A of the Act on account of unexplained cash deposits, the learned CIT(Appeals) held that the assessee had failed to establish the availability of cash or the nexus between earlier withdrawals and redeposits and therefore the addition was rightly made by the Assessing Officer. With respect to grounds relating to charging of interest under section 234A/B/C and initiation of penalty proceedings were treated as consequential or premature in nature. The learned CIT(Appeals) further held that since the assessee failed to furnish any documentary evidence or explanation either during assessment proceedings or appellate proceedings, the learned CIT(Appeals) upheld the additions made by the Assessing Officer under sections 69 and 69A of the Act and dismissed the appeal of the assessee.

6. The assessee is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee.

7. We have carefully considered the material available on record. It is observed that though the assessee had filed the appeal before the learned CIT(Appeals) within the prescribed time limit, the assessee failed to participate effectively in the appellate proceedings and did not furnish any written submissions or documentary evidence in support of the grounds raised in the appeal. The record clearly indicates that several notices were issued by the learned CIT(Appeals) granting opportunity of hearing, yet the assessee failed to avail such opportunities except for seeking an

adjournment on one occasion. Such conduct on the part of the assessee reflects a casual and negligent approach towards statutory proceedings under the Income-Tax Act. The appellate proceedings cannot be treated as a mere procedural formality, and it is incumbent upon the appellant to diligently prosecute the appeal and substantiate the grounds raised. The failure of the assessee to participate in the proceedings not only resulted in unnecessary prolongation of litigation but also caused wastage of valuable judicial time.

8. At the same time, considering the fact that the impugned additions involve substantial amounts and the issues relating to unexplained investment and unexplained cash deposits require proper examination on the basis of documentary evidence, we are of the considered view that the matter deserves to be restored to the file of the learned CIT(Appeals) for fresh adjudication so that the issues may be examined on merits after providing an effective opportunity of being heard to the assessee.

9. However, while granting such opportunity, we cannot overlook the conduct of the assessee in failing to cooperate with the appellate proceedings despite repeated opportunities granted by the learned CIT(Appeals). Such conduct demonstrates lack of diligence and disregard for the quasi-judicial process. Courts have consistently held that while principles of natural justice require that adequate opportunity should be provided, a litigant cannot take advantage of his own negligence or indifference.

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10. In view of the above, while restoring the matter to the file of the learned CIT(Appeals) in the interest of justice, we consider it appropriate to impose a cost of ₹10,000/- on the assessee so as to ensure that the assessee approaches the appellate proceedings with due seriousness and responsibility. The imposition of cost is also necessary to compensate for the unnecessary judicial time consumed due to the assessee's failure to respond to the notices issued by the learned CIT(Appeals). Accordingly, the assessee is directed to deposit a sum of ₹10,000/- with the **Prime Minister's Relief Fund** and furnish proof of such payment before the learned CIT(Appeals) at the time of the set-aside proceedings.

11. Subject to the above condition, the appeal of the assessee is **allowed for statistical purposes**.

This Order is pronounced in the Open Court on

12/03/2026

Sd/-
(NARENDRA P. SINHA)
ACCOUNTANT MEMBER

Sd/-
(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

Ahmedabad; Dated 12/03/2026

TANMAY, Sr. PS

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आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad