



IN THE INCOME TAX APPELLATE TRIBUNAL, RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

AND

DR. DINESH MOHAN SINHA, JUDICIAL MEMBER

आयकरअपीलसं./ITA No. 623/RJT/2025

Assessment Year: (2016-17)

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| Jagdishchandra Shantilal Chhatralia A-03, Western Park, Kolki Road, Upleta – 360490 (Gujarat) | Vs. | The ITO, Ward – 2(3)(1), Income Tax Department, Race Course Ring Road, Rajkot – 360001, Gujarat |
| स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: ABEPC0301K | | |
| (Appellant) | | (Respondent) |

Appellant by : Shri Mehul Ranpura, Ld. A.R.
Respondent by : Shri Abhimanyu Singh Yadav, Ld. Sr. DR
Date of Hearing : 16/02/2026
Date of Pronouncement : 12/03/2026

आदेश/ ORDER

Per Dr. Dinesh Mohan Sinha, JM:

Captioned appeal filed by the assessee, pertaining to Assessment Year (AY) – 2016-17, is directed against the order passed by the National Faceless Appeal Centre [(in short “NFAC/Ld. CIT(A)”) vide order dated 28.06.2023, which in turn assessment order passed by Income Tax Department/Assessing Officer under section 143(3) of the Income Tax Act, 1961 (in short “the Act”), vide order dated 12.06.2019.

2. Grounds of appeal raised by the assessee are as follows:

“1. The grounds mentioned hereunder are without prejudice to one another. On facts and circumstances of the case and in law, the Commissioner of Income Tax (NFAC) erred in upholding the penalty of ₹2,87,850 levied under Section 271(1)(c) of the



Income Tax Act, 1961, without considering the merits of the case. The CIT(A)'s decision is erroneous as it failed to appreciate that the penalty should be held in abeyance pending the final outcome of the quantum appeal.

2. The CIT(A)'s finding that the appellant failed to provide specific submissions related to the penalty proceedings is incorrect. The appellant provided detailed explanations and documentary evidence, including bank statements and cash flow statements, to justify the source of the cash deposits and argue against the penalty.

3. The CIT(A)'s order is not sustainable in law because it relied on the fact that the quantum appeal was already disposed of on March 11, 2023, without considering that a subsequent appeal against that order was filed before the ITAT. The ITAT has since condoned the delay in the quantum appeal and directed the CIT(A) to decide the case on its merits.

4. The penalty under Section 271(1)(c) for furnishing inaccurate particulars of income is not justified, as there was no deliberate intention to conceal income. The appellant's explanation regarding the cash deposits being from prior withdrawals and savings should have been accepted.

5. Your honour's appellant craves leave to add, amend or alter any or more grounds of appeal on or before hearing of this appeal."

3. At the outset, that the appeal filed late by 763 days. The Ld. AR of the assessee has filed an application for condonation of delay, supported by Affidavit. The relevant para of the application for delay is as under;

"5. Following the dismissal of the appeal by the CIT(A), I intended to file a further appeal with the Income Tax Appellate Tribunal (ITAT). However, due to an unfortunate oversight and inaction on the part of my then authorized representative, the appeal was not filed within the statutory time limit. I was under the bona fide belief that my advocate was handling the matter diligently and complying with all legal requirements.

6. I recently became aware of this oversight and the subsequent delay in filing the appeal. Upon discovering this, I immediately took steps to engage a new advocate to rectify the situation and file the appeal with the ITAT.

7. The delay in filing the appeal was not intentional, nor was it due to any mala fide intention on my part. It was solely a result of the circumstances beyond my control, specifically the failure of my previous representative to file the appeal."

4. During the course of the hearing, the Ld. AR submitted that the assessee was not aware about the legal procedure and prayed that delay in filing the appeal



before the Ld.CIT(A) may kindly be condoned and further prayed that one more opportunity to the assessee to explain this case.

5. On the contrary, the Ld. DR for the revenue has no objected to the prayer of the Ld. AR , however the Ld. DR requested that the assessee must be directed to present his case before the Ld. CIT(A), and do not seek unnecessary adjournments.

6. We have heard both the parties, and observed that delay of filing before this Tribunal was due to that assessee was not being well-versed in the intricate provisions of taxation and legal procedures, and have relied entirely on professional guidance for compliance with the appeal filing requirements due to an unfortunate oversight and inaction on the part of authorized representative, the appeal was not filed within the statutory time limit. The assessee was under the bona fide belief that my advocate was handling the matter diligently and complying with all legal requirements. . We have considered the submission advance by the AR the assessee. We found that there is a "sufficient cause" for delay in filing present appeal. We find that section 253(5) of the Act empowers the ITAT to admit an appeal after expiry of prescribed time, if there is a "sufficient cause" for not presenting appeal within prescribed time. In the interest of justice, we take a judicious view and we condoned the delay in filing appeal by 763 days. *We observed that the* appellant is a resident individual with the main source of income from salary. For the Assessment Year 2016-17, a return of income was filed on June 28, 2016, declaring a total income of ₹4,55,900. The case was selected for scrutiny, and the Assessing Officer (AO) made an addition of ₹11,21,000 for unexplained cash deposits, assessed the total income at 15,76,900. Subsequently, a penalty of ₹2,87,850 was levied under Section 271(1)(c) of the Income Tax Act for furnishing inaccurate particulars of income. We further note



that the Ld. CIT(A) has issued several notices for hearing of the case, and the Ld. CIT(A) has not decided the appeal as per mandate of provisions u/s. 250(6) of the Act. However, we are of the view, that one more opportunity should be given to the assessee to plead his case before the Ld. CIT(A). It is settled law that principles of natural justice and fair play require that the affected party should be granted sufficient opportunity of being heard to contest his case. Keeping in view, in the interest of justice, we set aside the order of the Ld. CIT(A) and remitted the matter back to the file of the Ld. CIT(A) for fresh adjudication after giving due opportunity to the assessee.

7. In the result, the appeal of the assessee is allowed for statistical purposes.

Order is pronounced in the open court on 12/03/2026.

Sd/-
(Dr. Arjun Lal Saini)
Accountant Member

Rajkot

दिनांक/ Date: 12 /03/2026

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

Sd/-
(Dr. Dinesh Mohan Sinha)
Judicial Member

By order

//True Copy//

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot