

**IN THE INCOME-TAX APPELLATE TRIBUNAL, MUMBAI "K" (SMC) BENCH, MUMBAI
BEFORE SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER AND
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER
ITA No. 8785/MUM/2025 (AY:2017-18)**

Bharat Kumar Choudhary, Shop No-12, Jai Santoshi Mata Nagar. Gulmohar Road No-5. Vileparle West. Mumbai- 400049.	vs.	Assessing Officer 41 (3) (2), Avenue 3, near Videsh Bhavan, G Block BKC. Gilban Area, Bandra Kurla Complex, Bandra East, MUMBAI-400051.
PAN/GIR No: CFWPK1543K		
(Appellant)		(Respondent)

Appellant by	Ms. Jinal Kothari
Respondent by	Shri Bhagirath Ramawat (SR DR)
Date of Hearing	18.02.2026
Date of Pronouncement	12.03.2026

ORDER

PER BIJAYANANDA PRUSETH, AM:

This appeal filed by the assessee emanates from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'Act') by the Commissioner of Income-Tax (Appeals), National Faceless Appeal Centre [in short, 'CIT(A)'], dated 24.10.2025 for the assessment year (AY) 2017-18.

2. The grounds of appeal raised by the assessee are as under:

"Ground no. 1-violation of natural justice, jurisdictional hindrance, lack of meaningful opportunity to be heard.

Ground no. 2-Quantum addition under section 69a is bad in law.

Ground no. 3-Penalty u/s 271AAC."

3. Facts of the case in brief are that the assessee filed his return of income for the AY 2017-18 on 06.03.2018 declaring total income at Rs.3,25,020/-. The case was selected for scrutiny on account of large cash deposit during demonetization period. Notices u/s 143(2) and 142(1) of the Act and show-cause notice were issued to the assessee from time to time. However, the assessee did not comply with the notices. Therefore, the AO passed order u/s 144 of the Act on 03.012.2019 by making addition of Rs.14,36,500/- u/s 69A of the Act.

4. Aggrieved by the order of AO, the assessee filed appeal before the CIT(A). The CIT(A) issued 4 notices u/s 250 of the Act fixing the hearings on 02.02.2021, 03.11.2021, 13.06.2025 and 17.09.2025. There was no response to any of the above notices. Therefore, relying above the decisions of the Hon'ble Supreme Court in case of B.N. Bhattacharjee and Another, 118 ITR 461 and M/s Chemipol vs. Union of India in Excise Appeal No.62 of 2009, the CIT(A) observed that the appellant does not want to pursue the appeal. On merit, he upheld the addition by stating that the appellant has not given satisfactory explanation about the cash deposit during the demonetization period.

5. Aggrieved by the order of CIT(A), the assessee filed the appeal before the Tribunal. The Ld. AR submitted that there is violation of natural justice because notices were sent to Rajasthan whereas the appellant's business, M/s New Amarson Chemist, is situated at Mumbai. Due to this, the notices did not come to the knowledge of the appellant and, accordingly, the non-appearance and non-submission were not deliberate and beyond the control of the appellant. The tax

consultant was also changed from Rajasthan to Mumbai, due to which proper compliance could not be made. He submitted all the details are available with the appellant and another opportunity may be granted in the interest of justice to plead the case on merit.

6. On the other hand, the Ld. Sr. DR of the revenue supported the order of the CIT(A). He would, however, have no objection if the matter is set aside to the file of CIT(A) for fresh adjudication with appropriate cost.

7. We have heard both parties and perused the materials on record. We find that the AO passed an ex parte assessment order due to non-compliance by the assessee. The CIT(A) also confirmed the addition due to non-compliance to the notices issued by him. The Ld. AR submitted that the assessee changed the address from Rajasthan to Mumbai due to which the notices were not received by him. This caused non-compliance during the assessment and appellate proceedings. Therefore, the explanation of the assessee that he was not fully aware of the fate of the assessment order cannot be outrightly rejected. However, the appellant has not cared to pursue the matter properly and effectively before the lower authorities. The explanation of the assessee is sub-optimal and leaves something to be desired. Considering the entire factual position as discussed above, we are of opinion that the appellant deserves one more opportunity to explain its case on merit. Therefore, in the interest of justice, we set aside the order of CIT(A) and restore the matter for fresh adjudication subject to payment of cost of Rs.10,000/- (Rupees Ten Thousand Only) to the Prime Minister's

National Relief Fund within 30 days from receipt of this order. Subject to such payment, the CIT(A) shall decide the matter on merits in accordance with law after granting adequate and reasonable opportunity of being heard of the assessee. The grounds are allowed for statistical purpose.

8. Since we have set aside the order of CIT(A) and remanded it to his file for fresh adjudication, the other grounds are academic in nature and do not require adjudication.

9. We make it clear that that we have not expressed any opinion on the merits of the case. The CIT(A) shall independently decide the issue in accordance with law in the light of the facts of the case and submissions by the appellant.

10. In the result, the appeal of the assessee is allowed for statistical purpose.

Order is pronounced on 12.03.2026.

Sd/-
(RAHUL CHAUDHARY)
JUDICIAL MEMBER

Sd/-
(BIJYANANDA PRUSETH)
ACCOUNTANT MEMBER

*Aniket Chand; Sr. PS
MUMBAI

Date: 12.03.2026

Copy of the Order forwarded to:

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

By Order

Assistant Registrar
ITAT, MUMBAI