

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

श्री विजय पाल राव, उपाध्यक्ष एवं श्री मंजुनाथ जी, लेखा सदस्य के समक्ष ।

**Before Shri Vijay Pal Rao, Vice-President**  
**A N D**  
**Shri Manjunatha G. Accountant Member**

आ.अपी.सं / **ITA Nos.1730 to 1732/Hyd/2025**  
(निर्धारण वर्ष / Assessment Years: 2012-13 & 2015-16)

BAPTIST CHURCH DILSUKHNAGAR, HYDERABAD PAN:AAATB5861E	Vs.	Income Tax Officer (Exemption), Ward-1 HYDERABAD
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by: Advocate S. Rama Rao		
राजस्व द्वारा / Revenue by: Dr. Sachin Kumar, Sr.AR		
सुनवाई की तारीख / Date of hearing: 26/03/2026		
घोषणा की तारीख / Pronouncement: 27/03/2026		

**आदेश/ORDER**

**Per Vijay Pal Rao, Vice-President.**

Theses 3 appeals filed by the assessee are directed against the separate orders passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, dated 14/11/2024 arising from the two assessment orders for the A.Y 2012-13 and 2015-16 and one penalty order under section 271(1)(c) of the Act for the A.Y 2015-16 respectively.

2. There is a delay of 266 days in filing these 3 appeals. The assessee has filed a petition for condonation of delay which is supported by the affidavit of the President of the assessee's Trust. The learned Counsel for the assessee has submitted that there was a dispute among the Executive Committee Members of the Assessee Trust and consequentially a long-drawn court litigation was going on from the year 2009 to 2021 till the Additional XXV Addl. Chief Judge, City Civil Court vide order dated 30/07/2021 appointed a Special Officer and directed for conducting elections within three months from the date of finalization of List of Members. Thereafter, the elections were conducted on 12/12/2021 and a new Executive Committee was elected along with one Shri Vade Israel as the President. The next Executive Committee was formed after the covid period towards the end of 2024 and thereafter, the necessary accounting staff was recruited for preparing the accounts of the assessee Trust pending for the last more than 12 years. The learned Counsel for the assessee has thus submitted that because of the turbulent period for the past 15 years, the new Executive Committee lost the track of the tax matters and could not file the appeal within the period of limitation. Only when, a notice under section 226(3) dated 16/09/2025 was received from the A.O for attachment of the Bank Account of the Assessee , the assessee realized the mistake of not filing the appeal against the impugned orders of the Ld. CIT (A) and consequently the present appeals were filed on 24/10/2025. Thus, the learned Counsel for the assessee has

submitted that the delay in filing the appeal was neither deliberate nor willful but due to the circumstances which were beyond the control of the assessee. In support of his contention, he has relied upon the following decisions:

- (a) *Western Union Financial Services Inc (2023) 153 Taxmann.com 704 (S.C)*
- (b) *Sesh Nath Singh vs. Baidyabati Sheroaphuli Cooperative Bank Ltd (2021) 125 Taxmann.com 357 (S.C)*
- (c) *Vedabai alias Vijayantabai Baburao Patil (2002) 253 ITR 798 (S.C)*
- (d) *Collector Land Acquisition, Anantnag & ... vs Mst. Katiji & Ors on 19 February, 1987 ((1987) 2 SCC 107; AIR 1987 SC 1353; 1987 (2) SCR 387.)*

3. On the other hand, the Ld. DR has vehemently objected to the condonation of delay and submitted that it is a case of negligence on the part of the assessee as the assessee has not explained any sufficient cause for the delay of 266 days in filing these 3 appeals. The Ld. DR has further contended that the litigation regarding the Executive Committee was over in the year 2021 and therefore, the said litigation cannot be a cause for the delay in filing the appeals against the impugned orders dated 14/11/2024. He has relied upon the judgment of the Hon'ble Supreme Court in the case of Jharkhand Urja Utpadan Nigam Ltd & ANR vs. M/s. Bharat Heavy Electricals Ltd (Special Leave to appeal (C) No.9580/2025 dated 15/04/2025.

4. We have considered the rival submissions as well as the relevant material available on record. The assessee has

explained the cause of delay of 266 days in filing the present appeal as stated in the affidavit as under:

The activity of the assessee Trust in running of Baptist Church is managed by the Executive Committee. As per the bye laws, the Executive Committee is elected every year by the General Body. Sri Nirmal Kumar was elected as the President in the year 2009 in the elections held for the year 2009-10. This election was challenged vide OP 2427 of 2009 on the file of II Additional Chief Judge, City Civil Court, Hyderabad. The said petition was dismissed as infructuous on 1.10.2010. Sri Nirmal Kumar Julius, the Respondent No.2 in the petition filed before the Court who was responsible to conduct elections as per the bye laws failed to do so even after the expiry of the term of the Executive Committee inspite of repeated requests and reminders. As the affairs of the Church were not going in right directions, the Secretary of the Society absented from attending the Church for two years and the Treasurer also resigned in the year 2012. Sri Nirmal Kumar Julius was running the society as his own personal organisation taking advantage of the status quo granted by the Court vide order dated 16.5.2013. He has been exercising his illegal authority over the affairs and indulging in various illegal activities.

The elected Treasurer prepared the accounts till March, 2012 and had been requesting Mr. Nirmal Kumar to acknowledge the same and there was no positive action. The trial before the Hon'ble Court prolonged till 2021.

The Hon'ble XXV Addl. Chief Judge, City Civil Court vide order in S.O.P No.1001 of 2013 dated 30.7.2021 (copy annexed) appointed a Special

Officer and directed for conducting elections within three months from the date of finalisation of List of members and the Special Officer shall submit report to the Court by 10.1.2022.

The elections as per the Court's direction were conducted in the year 2021 on 12.12.2021. The new Executive Committee elected Sri Vadde Israel as the President. At this stage the construction of the new Church building has commenced and the construction was in progress. Therefore, the same committee was requested by the General Body to continue till the completion of the construction which took about three years. Due to covid pandemic there was slow phase.

Due to various restrictions of the Covid pandemic, there were no regular congregations of devotees in the Church and most of the administrative staff except the watch and ward staff were not attending the duties of the Church. Therefore, the regular accounting work suffered a great set back.

The next Executive Committee was formed towards end of 2024 and I was elected as the President in place of Sri Vadde Israel. At this stage, the committee recruited accounting staff in beginning of the year 2025 and they had to make concerted effort to update the accounting records of more than 12 years by contacting the bank etc., It took nearly 9- month period to re-cast the records and thorough reconciliation of the transactions including the construction of the Church building.

In the mean time, vide notice u/s 226(3) dated 16.9.2025 (copy annexed), the Assessing Officer attached the bank account of the appellant mentioning the outstanding dues to the tune of Rs.1,42,73,380/-. The assessee was not in a position to know the status of various demands comprised in the said figure.

The newly appointed Accountant of the Society had to visit the office of the Assessing Officer several times to know the details of Rs.1,42,73,380/- and on

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verification of the Income Tax portal towards end of year 2025 the orders of assessment and the orders of first appellate authorities dismissing the appeals which remained unattended came to the knowledge of the assessee society and the order of CIT(A) dated 14.11.2024 is one such order for the assessment year 2012-13. Immediately, thereafter, the assessee Trust had to make enquiries to choose a suitable Tax Advocate for entrusting all the pending Income-Tax appeals. The assessee has chosen the Advocate in the last week of October, 2025 and entrusted the preparation of appeal to be filed before the Hon'ble ITAT. The appeal was got prepared on 24.10.2025 and was uploaded in the Portal on the same day. There is a delay of 207 days in filing the appeal.

5. Thus, the assessee has explained the prolonged internal management dispute and litigation pending in the Courts up to the year 2021 and thereafter the Covid-19 pandemic up to the year 2022 during which the proper accounts were not maintained as there was no proper management and the Executive Committee of the assessee Trust. Subsequently, the management elected was helpless due to non-maintenance of accounts and records. This explanation of the assessee sounds a reasonable cause, however, all these developments happened prior to the impugned orders passed by the Ld. CIT (A). Further, we find from the assessment orders that the A.O passed the orders ex-parte as there was no return of income filed by the assessee and assessed the total receipts/credits to tax. Therefore, if the appeals of the assessee are dismissed on the ground of delay, then it would amount to injustice to the extent that the A.O

has assessed the gross receipts of the assessee to tax instead of taking the net surplus and hence the action of the A.O is also arbitrary to the extent of assessing the total/gross receipts of the assessee without allowing the expenditure as a deduction. Though the assessee was granted registration under section 12A of the Act, however, in the absence of the return of income, it is also a question whether the assessee can claim the benefit of section 11 and 12 of the Act. The Ld. DR has objected to the condonation of delay and has relied upon the judgment of Hon'ble Supreme Court in the case of Jharkhand Urja Utpadan Nigam Ltd & ANR vs. M/s. Bharat Heavy Electricals Ltd (Supra). However, we find that in the said case, the assessee explained the cause of delay of non-communication of the order passed by the Commercial Court, whereas the assessee itself has not filed the application for providing a certified copy within the reasonable time and hence, the Hon'ble Supreme Court found that the assessee cannot take advantage of its own negligence or negligence of the Counsel engaged by them. It was also noted that the assessee was having itself a legal department and employees engaged by the assessee in the Department having a duty to monitor the Court Cases and can tracking the progress of the cases. Therefore, in the facts and circumstances of the case and in the interest of justice, we take a lenient view to condone the delay of 266 days in filing these 3 appeals subject to a cost of Rs.5000/- for each appeal total amounting to Rs.15,000/- to be paid to the Prime Minister's

National Relief Fund within a period of one month from the date of this order.

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

**ITA No.1730/Hyd/2025**

1. The order of the learned CIT(Appeals) is erroneous both on facts and in law.
2. The learned CIT(Appeals) erred in dismissing the appeal without considering the facts on record
3. The learned CIT (Appeals) is not justified in confirming the action of the Assessing officer in making addition of Rs.17,54,300/-.
4. The learned CIT(Appeals) ought to have considered the fact that the appellant is entitled for exemption u/s 11 of the I.T. Act.
5. The learned CIT (Appeals) ought to have considered the circumstances in which the appellant is placed particularly at the relevant point of time and ought to have considered the reasons for non compliance to the notice and held that exemption u/s 11 of the I.T. Act is allowable.
6. The learned CIT(Appeals) erred in confirming the levy of interest u/s 234A of Rs. 4,77,030/- and Interest u/s 234B of Rs. 5,04,133/-
7. Any other ground that may be urged at the time of hearing.

APPELLANT

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**ITA No 1731/Hyd/2025**

1. The order of the learned CIT(Appeals) is erroneous both on facts and in law.
2. The learned CIT(Appeals) is not justified in confirming the action of the Assessing Officer in treating the cash deposits of Rs.90,95,245/- as the income of the appellant.
3. The learned CIT(Appeals) ought to have considered the fact that the final accounts were drawn and as per the final accounts, the net income was only Rs.19,80,131/-
4. The learned CIT(Appeals) erred in confirming the levy of interest u/s 234A of Rs. 25,63,197/- and 234B of Rs.27,04,032/-
5. Any other ground that may be urged at the time of hearing.

APPELLANT

**ITA No.1732/Hyd/2025**

1. The order of the learned CIT(Appeals) is erroneous both on facts and in law.
2. The learned CIT(Appeals) is not justified in deciding the appeal ex parte without providing proper opportunity to the appellant.
3. The learned CIT (Appeals) erred in confirming the action of the Assessing Officer in holding that there is concealment of income for the assessment year 2015-17.
4. The learned CIT (Appeals) erred in confirming levy of penalty of Rs.28,16,766/- by the Assessing Officer u/s 271(1)(c) of the I.T. Act.
5. Any other ground that may be urged at the time of hearing.

APPELLANT

7. The learned Counsel for the assessee has submitted that due to the management dispute and litigation pending in the Courts for a long time, the accounts were not prepared and therefore, the assessee could not file the relevant record and accounts before the A.O as well as before the Ld. CIT (A). He has thus, pleaded that the assessee may be granted one more opportunity to produce the accounts as well as other relevant details and record for the verification and examination of the A.O. Hence, he has pleaded that the matter may be remanded to the record of the A.O.

8. On the other hand, the Ld. DR has not seriously objected, if the matter is remanded to the record of the A.O for verification and examination of the relevant record to be filed by the assessee.

9. Having considered the rival submissions and on a careful perusal of the impugned orders, we find that the A.O has passed the ex-parte order and thereby assessed the entire deposits in the bank account to tax. The Ld. CIT (A) has also dismissed the appeals of the assessee and confirmed the additions made by the A.O. Now the assessee has stated that their accounts are prepared and relevant record is ready for verification and examination. Accordingly, in the facts and circumstances of the case, we set aside the orders of the Ld. CIT (A) for the A.Y 2012-13 as well as for the A.Y 2015-16 in quantum appeal and remand the matters to the record of the A.O for fresh adjudication after verification

and examination of the relevant record and details to be filed by the assessee. Needless to say, the assessee shall be given an appropriate opportunity of being heard before passing the fresh order.

**ITA Nos. 1731 & 1732/Hyd/2025**

10. In the appeal against the penalty levied under section 271(1)(c) of the Act is consequential to the additions made by the A.O for the A.Y 2015-16. Since we have set aside the matter in the quantum appeal to the record of the A.O, therefore, the penalty levied under section 271(1)(c) of the Act would not survive and hence is deleted. However, the A.O is at liberty to initiate penalty proceeding as per the outcome of the remand proceedings in the quantum matter.

11. In the result, appeals of the assessee in ITA Nos. 1730 & 1731/Hyd/2025 are allowed for statistical purposes and appeal in ITA No.1732/Hyd/2025 is allowed. A copy of this order be placed in the respective appeal files.

Order pronounced in the Open Court on 27<sup>th</sup> March 2026.

Sd/- <b>(MANJUNATHA, G.) ACCOUNTANT MEMBER</b>	Sd/- <b>(VIJAY PAL RAO) VICE PRESIDENT</b>
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Hyderabad, dated March 2026.

**PVV/SPS**

Copy to:

S.No	Addresses
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2	Income Tax Officer (Exemption) Ward-1 Aayakar Bhavan, Basheerbagh Hyderabad 500004
3	Pr. CIT – (Exemption) Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*